



Dr. Beyers Naudé

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DRAFT
ANNUAL REPORT
2018 / 2019



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ABBREVIATIONS (2018/19)

ADMD	-	After Diversity Maximum Demand
AFS	-	Annual Financial Statements
AG	-	Auditor General
AGSA	-	Auditor General South Africa
ANC	-	African National Congress
B&T	-	Budget and Treasury
CFO	-	Chief Financial Officer
COGTA	-	Cooperative Governance and Traditional Affairs
CPMD	-	Consolidated Program for Management Development
DA	-	Democratic Alliance
DCOMS	-	Department Community Services
DCSS	-	Department Corporate Services
EAP	-	Employee Assistance Program
EEP	-	Employment Equity Plan
ERM	-	Enterprise Risk Management
EXCO	-	Executive Committee
FBE	-	Free Basic Electricity
FBS	-	Free Basic Services
FBW	-	Free Basic Water
GRAP	-	General Recognized Accounting Practice
HH	-	Households
ICT	-	Information and Communication Technology
IDP	-	Integrated Development Plan
IIA (SA)	-	Institute of Internal Auditors (SA)
INEP	-	Integrated National Electrification Program
IT	-	Information Technology
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development

LGSETA	-	Local Government Sector Education & Training Agency
MFMA	-	Municipal Finance Management Act
MM	-	Municipal Manager
MPAC	-	Municipal Public Accounts Committee
MSA	-	Municipal Structures Act No.17 of 1998
MSA	-	Municipal Systems Act No.32 of 2000
NERSA	-	National Electricity Regulator South Africa
OHS	-	Occupational Health and Safety
PMS	-	Performance Management System
RDP	-	Reconstruction and Development Program
SCM	-	Supply Chain Management
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Skills Development Plan
SITA	-	State Information Technology Agency
SLA	-	Service Level Agreement
SMME	-	Small, Medium and Micro Enterprise
WSA	-	Water Services Authority
WSP	-	Water Services Provider
WPSP	-	Work Place Skills Plan



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CHAPTER 1

MAYOR'S FOREWORD & EXECUTIVE SUMMARY



MAYOR FOREWORD



I HAVE GREAT PLEASURE IN PRESENTING THE 2018/19 ANNUAL REPORT OF DR BEYERS NAUDE LOCAL MUNICIPALITY, WHICH IS BOTH A LEGISLATIVE AND ACCOUNTABILITY REQUIREMENT.

- THE DR BEYERS NAUDÉ LOCAL MUNICIPALITY WAS ESTABLISHED BY MERGING THE FORMER CAMDEBOO, IKWEZI AND BAVIAANS LOCAL MUNICIPALITIES.
- THE MUNICIPALITY INCORPORATES THE TOWNS OF NIEU BETHESDA, GRAAFF-REINET, ABERDEEN, JANSENVILLE, KLIPPLAAT, STEYTLERVILLE, AND WILLOWMORE WITH GRAAFF-REINET BEING THE SEAT.
- THE MUNICIPALITY WAS OFFICIALLY ESTABLISHED ON 3 AUGUST 2016 FOLLOWING THE LOCAL GOVERNMENT ELECTIONS.
- DR BEYERS NAUDE LOCAL MUNICIPALITY COVERS GEOGRAPHIC AREA OF 28,653 SQUARE KILOMETERS, WHICH STRETCHES FROM THE SNEEUBERGE IN THE NORTH TO THE BAVIAANSKLOOF IN THE SOUTH, AND HAS A POPULATION OF 79,291 RESIDENTS. GEOGRAPHICALLY, DR. BEYERS NAUDÉ LOCAL MUNICIPALITY MAKES UP MORE THAN 49% OF THE SARAH BAARTMAN DISTRICT MUNICIPALITY’S LANDMASS, WITH A LOW POPULATION DENSITY OF 2.8 PERSONS PER KM, IT CONSISTS OF 14 WARDS AND 27 COUNCIL MEMBERS.
- THE MUNICIPALITY COMPRISES OF THE FOLLOWING MANAGEMENT/SERVICE AREAS:
 - WILLOWMORE, STEYTLERVILLE, BAVIAANSKLOOF, RIETBRON
 - JANSENVILLE, KLIPPLAAT, WATERFORD
 - GRAAFF-REINET
 - ABERDEEN
 - AND NIEU BETHESDA
- THE ANNUAL REPORT OFFERS THE MUNICIPALITY AND STAKEHOLDERS THE OPPORTUNITY TO ASSESS THE EFFECTIVENESS AND IMPACT MADE IN CHANGING THE LIVES OF ITS COMMUNITY/ RESIDENCE. IT ALSO GIVES AN OPPORTUNITY TO DIAGNOSE THE STATE OR

FINANCIAL AFFAIRS, ADMINISTRATIVE AND GOVERNANCE MATURITY LEVELS OF THE INSTITUTION.

- THIS ANNUAL REPORT IS A CULMINATION OF THE IMPLEMENTATION OF THE COUNCIL INTEGRATED DEVELOPMENT PLAN, BUDGET AND THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR THE 2018/19 FINANCIAL YEAR. THE REPORT IS AN ACCOUNT OF THE ACHIEVEMENTS OF THE DR BEYERS NAUDE LOCAL MUNICIPALITY IN THE YEAR UNDER REVIEW AND IS ALSO ASSISTING US IN IDENTIFYING OUR SUCCESSES AND FAILURES. THE REPORT IS THEREFORE INTENDED TO ATTEST TO THE COLLECTIVE EFFORTS OF THE ADMINISTRATIVE AND POLITICAL ARMS OF THE MUNICIPALITY TO PROGRESSIVELY ADDRESS THE EXPECTATIONS OF OUR PEOPLE.
- WE HAVE HIGHLIGHTED OUR CHALLENGES LAST YEAR WHEN PRESENTING THE PREVIOUS ANNUAL REPORT. THE MUNICIPALITY IS STILL VERY MUCH CONFRONTED BY THE SAME CHALLENGES SUCH AS LIMITED FINANCIAL RECOURSES. THE SITUATION IS BEING EXHIBITED BY THE CONTINUES THEFT AND VANDALISM OF MUNICIPAL ASSETS AND INFRASTRUCTURE. THIS IS HAVING A SERVER IMPACT ON SERVICE DELIVERY AS THE MUNICIPALITY IS THAN COMPELLED TO SPEND. HOWEVER, DESPITE ALL OF THIS PROGRESS HAS BEEN MADE ALTHOUGH NOT AT THE PHASE WE WOULD HAVE LIKE IT TO BE, WE HOWEVER REMAIN RESOLUTE TO SUCCEED BY SERVING OUR COMMUNITY, AND IN SO DOING IMPROVING THEIR LIVES.

I would fail my duty if I do not reflect on the current drought experienced by our Municipality. The Honourable MEC for Department of Cooperative Governance and Traditional Affairs attended an outreach session in Dr. Beyers Naudé Local Municipality on the 11th October 2019 and as a result of the various water challenges encountered by the Municipality, requested that a Water Summit be held by Dr. Beyers Naudé Municipality.

The Department of Cooperative Governance and Traditional Affairs, Sarah Baartman District Municipality, Dr. Beyers Naudé Local Municipality and the Department of Water & Sanitation, working with different stakeholders in the Eastern Cape, started to plan the hosting of a Water Summit for all stakeholders involved in and with interest in the water sector, mostly Municipalities, other Sector Departments, relevant organisations, academia and the business sector.

The purpose of the summit amongst others was for relevant role players to come together to explore solutions to deal with existing water challenges and identify the best way forward, which will not only be long lasting but pave the way towards improvement of the water service and infrastructure condition. The summit was also an occasion aimed at stimulating sustainable economic development, urban and rural renewal and facilitate accelerated growth in the Province, anchored around the reliable good quality water resources as an enabler.

Another challenge that is faced by the Municipality is vandalism. The pump houses are vandalized on a regular basis to get copper and light fittings etc. Recently boulders were thrown into reservoirs, pumps were vandalized, which also restricted the pumping of water. The municipality is currently investigating these cases and perpetrators if found will be brought to book.

The municipality has received approval of roll over funding from National Treasury and all projects are at implementation phase. The majority of funding will be used for Water Conservation and Demand Management as well as groundwater exploration throughout the entire Dr BNLM.

Water restrictions have been implemented, however due to the demand versus supply, water interruptions are still experienced. Currently, the delivery of water from the boreholes has dropped and reservoir levels are affected. Continuous water interruptions are now expected.

Over a three year period in excess of 60 million rand has been made available and spent on developing emergency boreholes supply schemes. A further 30 million rand has been allocated by National Treasury in consultation with Provincial Disaster Management to assist with the current disaster being encountered.

Additional business plans were submitted to assist with the drought after the re-declaration of the disaster area.

The Municipality acknowledges that communication, to the community on water related matters, needs to improve. An Internal Communication task team has been established to assist in this regard. The Municipality had a meeting on the 2nd October 2019 with the Department of Water Affairs & Sanitation, Sarah Baartman District Municipality and key resolutions were taken to improve communication to the community at large. A Joint Operation Committee (JOC) was also established, consisting of Municipal Officials and stakeholders, to ensure that regular updates are provided. JOC meetings have taken place.

There are many small victories to celebrate. In this regard I must mention the lots of good work we having amongst our residence and business community, which is the further encouragement for us not to fail them.

We will therefore continue to work tirelessly to support an efficient, effective and highly skilled administration that delivers better services and grows the Local Economy to create jobs.

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(SIGNED BY) _____

CLLR D.W.S. DE VOS
MAYOR

DRAFT

1.1 MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW



Dr Beyers Naude Local Municipality's Annual Report for the 2018/2019 Financial year is published in terms of the Municipal Finance Management Act 56/2003 (MFMA). The MFMA places high standards when it comes to the accounting on the use of public funds.

The 2018/2019 Financial Year was another challenging year against the backdrop of continued difficult economic conditions and challenges present in both Local and National Environments.

In addition to the aforementioned challenging situation the impact of a severe drought experienced in the Eastern Cape Province and the Karoo area in particular has still to be calculated. Rain has been a scarce commodity in our Municipality, the area has been declared as a disaster by the Sarah Baartman District Municipality

The National Department of Human Settlements Water and Sanitation intervened by providing financial assistance to enable the Municipality to drill additional boreholes for the provision of water. This assistance was augmented by contributions from the Premier's Office as well as the Department of Cooperative Governance and Traditional Affairs (Eastern Cape). For this assistance, we are eternally grateful.

This Annual Report is an effort to reflect on progress made in delivering basic services, expanding services such as the provision of water, sanitation and electricity. As indicated in the 2017/2018 overview, funding challenges have become even greater and place tremendous burdens on our citizens who depend on effective public services. However, no effort is spared in attaining efficiency targets in our work and responding to the performance framework. Stakeholder forums have been

1.2 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Delete Directive note once comment is completed

Refer briefly to the contributions made by your municipality (including municipal entities) to satisfy the basic requirements for: Water; Sanitation; Electricity; Refuse; and housing; local Economic Development; Roads; Storm Water Drainage and local planning approvals (as applicable). Refer briefly to the key characteristics and implications of your municipality's population profile.

POPULATION PROFILE

CENSUS 2011

The following statistical information has been calculated based on the combined figures of 2011 Census results released by StatsSA, for the former Municipalities of Camdeboo, Baviaans and Ikwezi – who amalgamated directly after the August 2016 Local Elections. Where only percentages were available, an average has been given.

According to the 2011 Census, Dr Beyers Naudé Municipality had a total population of 79,291 – made up as follows :

Coloured	65%
Black	25%
White & Other	10%

	100%
Male	48%
Female	52%

	100%

- The Youth (15 – 34 years) made up 34% of the total population.
- The Official Unemployment Rate was 26%; however, we suspect that it was in fact higher due to an understatement of former Ikwezi Municipality's unemployment figure. The unemployment figure for Dr Beyers Naudé Municipality for 2019, is estimated at 31 – 33%
- Of the 12,765 economically active Youth, 33% were unemployed in 2011. It is likely to be higher in 2019 – estimated at around 35%.
- The annual population growth rate was about 0.6% with an average of 3.9 persons per household, based on the calculation of 79,291 persons ÷ by 19,925 households.

2016 COMMUNITY SURVEY AND PROJECTED GROWTH ESTIMATES

Early in 2016, StatsSA, ahead of the Municipal Elections, conducted a Community Survey in the former Camdeboo, Baviaans and Ikwezi Municipal areas. Results, based on selected sampling, were indicative of a growth in population from 79,291 to 82,197 persons; which constitutes an estimated annual growth rate of 0.8% and a total growth of 3.6% since 2011, with an average of 4 persons per household, based on the calculation of 82,197 persons ÷ by 20,748 households. There was also an overall improvement in socio-economic conditions.

See table T1.2.2 for projected growth estimates, which have been calculated using a conservative 0.6 – 0.7% annual growth rate. More accurate data can only be provided after the next full Census.

ACCESS TO BASIC SERVICES

High levels of accessibility to Basic Services are reflected in the Dr Beyers Naudé Municipal area, estimated to consist of 17,780 households in the urban areas and 3,320 households in the non-urban (farm) areas. The urban households are serviced by the Municipality.

- 97% of households have access to a minimum standard of electricity (energy for lighting);
- 98% of households have access to a min. standard of piped potable water (within 200 metres);
- 96% of households have access to a min. standard of sanitation (flush, chemical & VIP pit latrines);
- 99% of households have access to a min. standard of refuse removal & disposal facility (Municipal, communal or private).

Households that do not have direct access to these basic services are informal dwellings – mainly shacks situated in backyards or informal settlements, or those on farms in the more remote areas.

CHALLENGES IN POPULATION AND BASIC NEEDS

Some of the main challenges in terms of Dr Beyers Naudé Municipality's growing population and increasing demand for basic services are:

- High welfare dependency and serious social problems (e.g. unemployment and substance abuse);
- The provision of suitable skills development and training, as well as the creation of sufficient and sustainable employment opportunities – especially amongst the unemployed Youth;
- Addressing the current housing backlog adequately in order to reduce and eventually eradicate the number of unserviced households;
- A few areas are experiencing problems with electricity: some towns require their maximum demand to be upgraded by Eskom and one or two very small and remote settlements do not have access to basic energy, or easy access to an electricity vendor. A number of small settlements do not fall within the Municipality's area of service delivery.
- There are also water supply and quality issues in a few areas, which will be addressed through grant-funded capital infrastructure projects.

MUNICIPAL AMALGAMATIONS

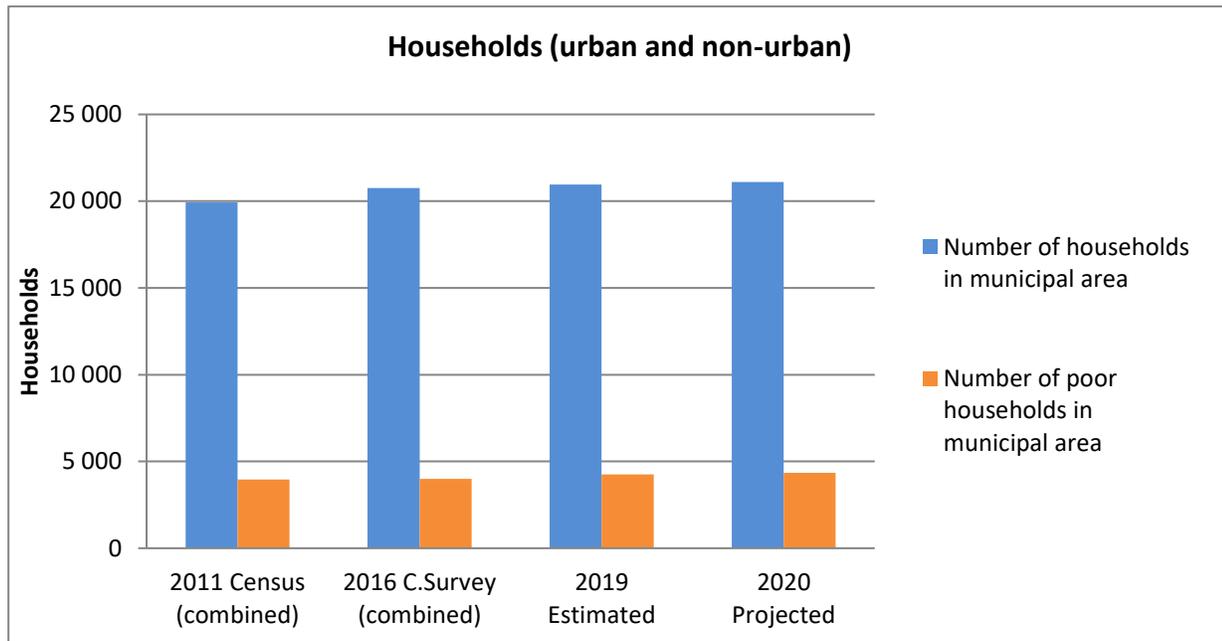
The amalgamation of Camdeboo, Baviaans and Ikwezi Local Municipalities has created a very extensive Municipal area (49% of the District surface), with vast distances between main- and sub-places. Some Wards are extremely large; this and inner boundaries between towns and settlements have created spatially divided communities. All three Municipalities were experiencing financial difficulties before the amalgamations; this situation has worsened after the amalgamations. The new Dr Beyers Naudé Municipality requires more focussed support to overcome these challenges.

T 1.2.2 POPULATION DETAILS

Population Details									
(Population '000)									
Age	Year -2 : 2011 StatsSA Census (Former LMs combined)			Year -1 : 2016 StatsSA Community Survey (Former LMs combined at 3.66%)			Year 0 : 2019 Estimated (at 0.6% p.a. growth estimate)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	4,218	4,185	8,403	4,370	4,470	8,840	4,450	4,560	9,010
Age: 5 - 9	3,969	4,027	7,996	4,110	4,160	8,270	4,190	4,240	8,430
Age: 10 - 19	7,619	7,429	15,048	7,885	7,685	15,570	8,035	7,835	15,870
Age: 20 - 29	6,420	6,284	12,704	6,647	6,502	13,149	6,780	6,630	13,410
Age: 30 - 39	4,924	5,211	10,135	5,100	5,400	10,500	5,200	5,500	10,700
Age: 40 - 49	4,582	4,946	9,528	4,740	5,120	9,860	4,835	5,220	10,055
Age: 50 - 59	3,453	3,964	7,417	3,570	4,100	7,670	3,635	4,180	7,815
Age: 60 - 69	2,106	2,567	4,673	2,180	2,658	4,838	2,225	2,710	4,935
Age: 70+	1,305	2,082	3,387	1,350	2,150	3,500	1,380	2,195	3,575
TOTAL	38,596	40,695	79,291	39,952	42,245	82,197	40,730	43,070	83,800
Source: Statistics SA									T 1.2.2

NB : Above data was calculated by combining the figures of former Camdeboo, Ikwezi and Baviaans Municipalities, from results released by StatsSA and a calculated projection for 2018. The 2016 Community Survey did not provide the same comprehensive breakdown per category as the 2011 Census, so the figures pertaining to the 2016 Community Survey are based on an average growth estimate per category.

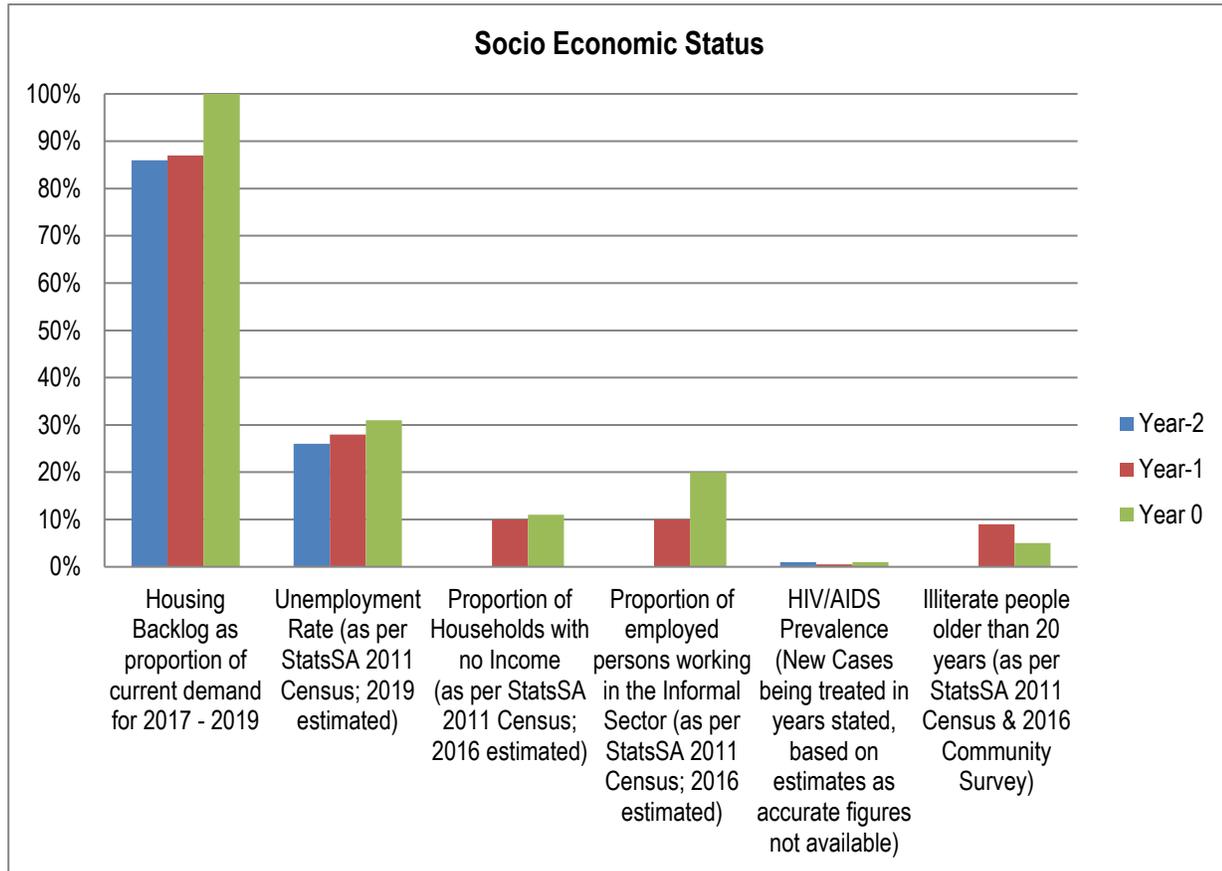
T 1.2.3 HOUSEHOLDS



T 1.2.4 SOCIO ECONOMIC STATUS

Year	Housing Backlog (as proportion of current demand for 2017 – 2019)	Unemployment Rate (as per StatsSA 2011 Census; 2016 estimated)	Proportion of Households with no Income (as per StatsSA 2011 Census; 2016 estimated)	Proportion of employed persons working in the Informal Sector (as per StatsSA 2011 Census for Yr-1)	HIV/AIDS Prevalence (New Cases being treated in years stated, based on estimates as accurate figures not available)	Illiterate people older than 20 years (as per StatsSA 2011 Census & 2016 Community Survey)
Year-2	2017 : 8,776	2011 : 26%	N/A	N/A	2016 : 406	N/A
Year-1	2018 : 8,793	2016 : 28%	2011 : 10%	2011 : 10%	2017 : 393	2011 : 9%
Year 0	2019 : 10,124	2019 : 31%	2016 : 11%	2016 : 20%	2019 : 421	2016 : 5%
						T 1.2.4

T 1.2.5 SOCIO ECONOMIC STATUS GRAPH



T 1.2.6 OVERVIEW OF NEIGHBOURHOODS

Overview of Neighbourhoods within Dr Beyers Naudé Municipality (as per StatsSA Census 2011 data combined)		
Settlement Type	Households	Population
Towns		
Graaff-Reinet (incl. Kroonvale)	5,932	26,585
Willowmore	1,938	7,673
Aberdeen	1,407	5,133
Klipplaat	618	2,214
Steytlerville	540	1,836
Nieu-Bethesda (incl. Pienaarsig)	318	1,540
Rietbron	378	1,184
Jansenville	347	1,134
Sub-Total	11,478	47,299
Townships		
Umasizakhe (Graaff-Reinet)	2,460	9,087
KwaZamukucinga (Jansenville)	1,172	4,479
Vuyolwethu (Willowmore)	656	2,184
Thembalesizwe (Aberdeen)	648	2,030
Wongalethu (Klipplaat)	256	750
Sub-Total	5,192	18,530
Rural settlements		
Waterford	14	43
Non-urban settlements & farms	3,241	13,419
Sub-Total	3,255	13,462
Informal settlements		
There are informal settlements in Graaff-Reinet (Umasizakhe and Asherville areas), Aberdeen, Nieu-Bethesda, Jansenville & Klipplaat. Their household and population figures were included in the listings above by StatsSA. (In 2019, a total of 540 units in total were counted in the pockets of informal settlements situated in the Municipal area.)		
TOTAL	19,925	79,291

NB : Above figures were sourced from the Municipal Profiles on StatsSA's website, featuring the three former Municipalities of Camdeboo, Ikwezi & Baviaans. This detailed breakdown was not made available for the 2016 Community Survey.

T 1.2.7 & T 1.2.8 NATURAL RESOURCES, CHALLENGES & OPPORTUNITIES

Natural Resources	
Major Natural Resource	Relevance to Community
Sun	Can be utilized extensively for solar power (panels). Challenge : The systems are expensive to install and can be damaged easily, as well as be aesthetically unattractive in the case of large areas being utilized for purpose of feeding into the national grid.
Wind	Can be utilized extensively for wind power (turbines). Challenge : The systems are expensive to install and can be harmful to the environment (destroying bats and birds, cause noise pollution and have a detrimental impact on the area's pristine landscape, i.e. viewshed).
Water	Required for domestic, agricultural and industrial use. We have surface and underground water, but not in sustainable supply – heavily dependent on good annual rainfall, which in this semi-arid region of the Karoo is unreliable. Systems are systematically being upgraded for improved storage and reticulation capacity and new RDP houses will be fitted with gutters and rainwater tanks. Due to a prolonged drought the past few years, dam and underground water levels have dropped substantially and strict water restrictions were imposed during the year of reporting.
Land	The Dr Beyers Naudé Municipality Municipal area is 28,690 km ² in extent and the majority of the land is utilized for agricultural purposes – one of our main economic drivers. Commonage land is quite extensive but is not being managed properly and serious land degradation is occurring. The Municipality has created a post on its Organizational Structure for an Officer to deal with this issue. Closer to the urban areas there is a big need for smaller tracts of land that can be utilized for agricultural purposes, and also a demand for sites that can be utilized for recreational, commercial and other purposes. The Town Planner has been investigating ways and means of addressing this need: it will receive more attention during the development of a new Spatial Development Framework.
Minerals (sand, clay, gravel and stone)	Sand, clay, gravel and stone is being mined for building new houses and road maintenance, but stricter monitoring is required to ensure that these resources are not being over-exploited. Critical problems are being experienced with one of the stone quarries being right on the northern boundary of the Camdeboo National Park and the threat of a proposed sand mine (large scale) on its eastern boundary, close to the mouth of the Sunday's River. There are serious concerns about the exploration and extraction of shale gas, as well as the mining of uranium within or close to the Municipal area.

T 1.2.8 COMMENT ON BACKGROUND

COMMENT ON BACKGROUND DATA:

Delete Directive note once comment is completed - Set out Key challenges and opportunities for the municipality arising from the data provided in this demographic section. Discuss the relevance of the 5 Major resources and the ways in which your municipality is trying to improve the positive impact they have on the local community.

This narrative has been included under T 1.2.7.

1.3 SERVICE DELIVERY OVERVIEW

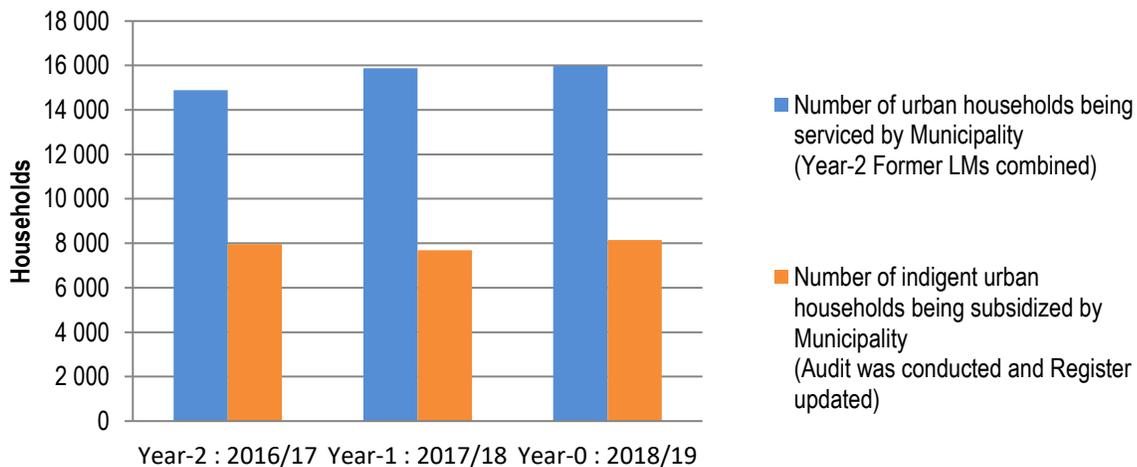
Delete Directive note once comment is completed

Provide a brief introduction to basic service delivery achievements and challenges including a brief specific comment on service delivery to indigents.

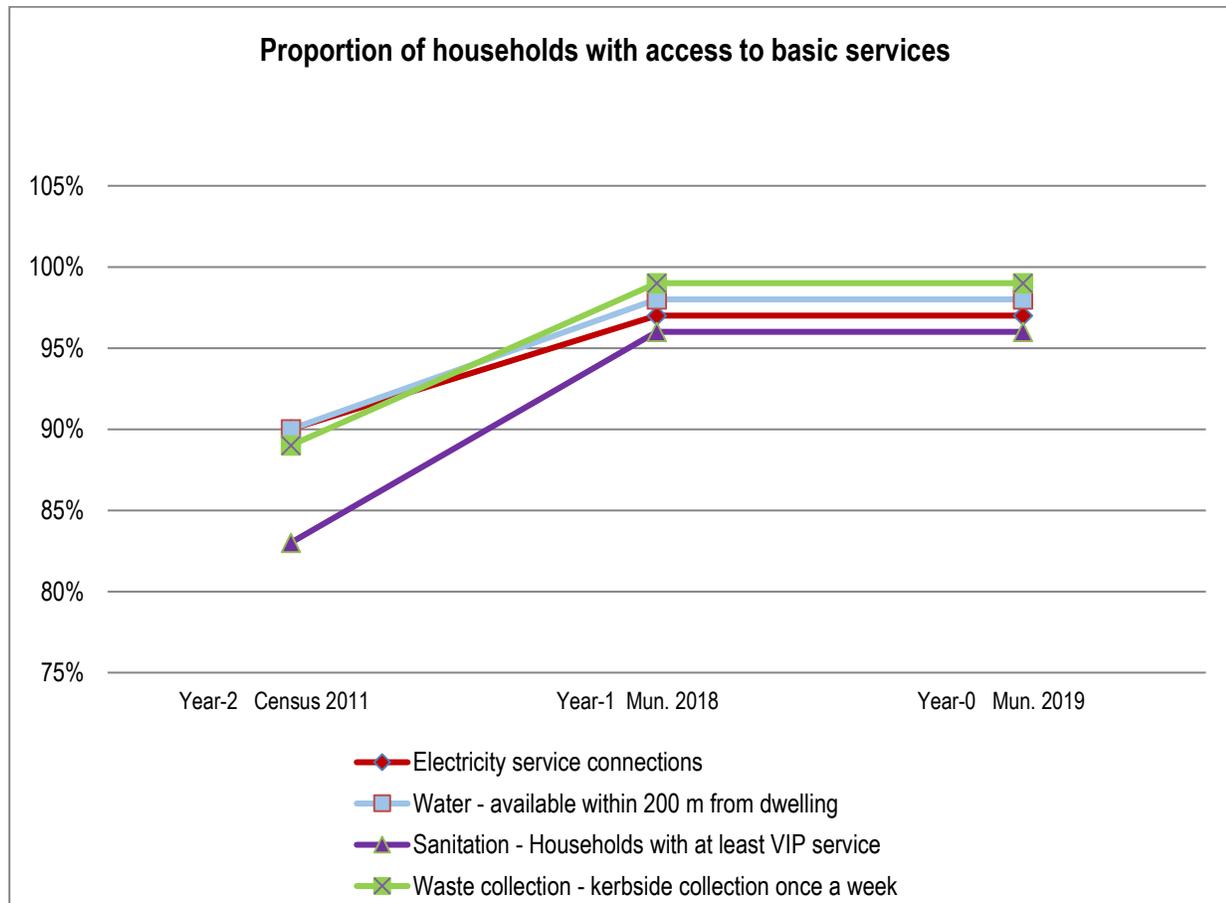
T 1.3.1

T 1.3.1 SUPPORT TO INDIGENT HOUSEHOLDS

Indigent households being subsidized by Municipality

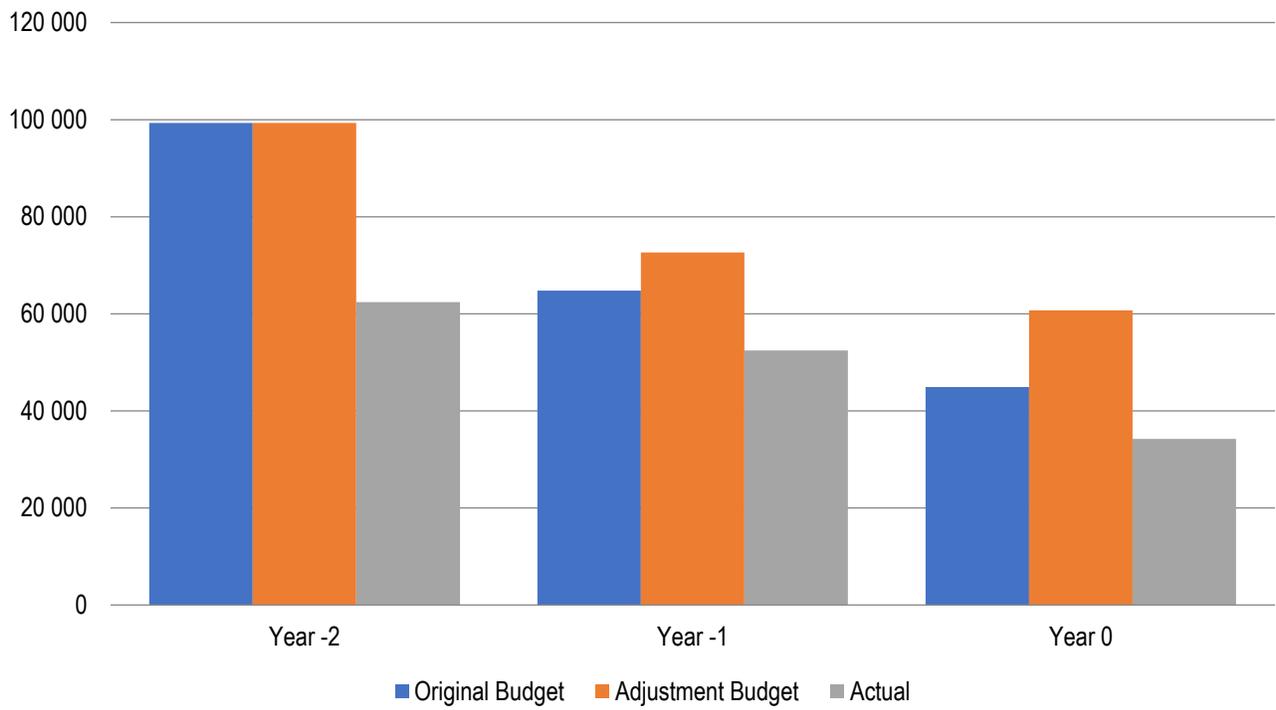


T 1.3.2 ACCESS TO BASIC SERVICES



Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	99 309	64 760	44 883
Adjustment Budget	99 309	72 647	60 681
Actual	62396	52 454	34 215
			<i>T 1.4.4</i>

Total Capital Expenditure



DRAFT

1.4 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period <i>Copy of Draft 2020/21 IDP & Budget Process Plan enclosed.</i>	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	
8	Mayor tables the unaudited Annual Report	August
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	September - October
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	November
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	December
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS

The Annual Report content will assist municipal councillors, municipalities, municipal entities, residents, oversight institutions and other users of Annual Reports with information and to assess progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will also assist with the annual audits.

This report should be used as a decision-making tool by the municipalities.

Every municipality and municipal entity must prepare an annual performance report, which must form part of the Annual Report for each financial year in accordance with the Municipal Systems Act 2000 (MSA) section 46, and the Municipal Finance Management Act 2003 (MFMA) section 121.

The purpose of the Annual Report is:

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

T 1.7.1.1

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Stakeholders & Relevant Structures	Date or Timeframe	Cost Estimate (RDP)	STATUS	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20		
19	IDP Steering Committee Meeting	Reportback on Ward Committee Consultations and updated Ward Plans (include of revised Ward Development Priorities) to assist Managers in Project Identification, formulation of IPRs and setting of targets. In preparation of 2020/21 Budget & SDBP.	Dr Beyens Naude LM	Mayor & Ward Councilors, MM, Directors / Managers, IDP Manager and other relevant Officials	Wednesday 18th September at 10:00	1,500															
20	A. mDCOA SC Meeting B. Management Meeting	B. To include updates on Public Participation Roadshow by MM and Senior Managers.	Dr Beyens Naude LM	Top Management	Monday 7th October 2019	-															
21	AUGUST TO OCTOBER : SITUATION ANALYSIS OF WARDs & INSTITUTION All systems activated and structures mobilized for the review of the IDP : Community Based Planning (CBP) Community Dev. Workers (CDWs) Ward Councilors Ward Committees Ward Based Stakeholder Org. IDP Steering Committee IDP Representative Forum IGR & Budget structures All Municipal Departments, Area and Satellite Offices	A. WARD COMMUNITY MEETINGS Ward Councilors to meet with their Committees and provide feedback on status of Ward Development Priorities and critical issues - to be combined with Top Management Roadshow - as part of the Municipality's wider Public Participation programme. B. CONDUCT Institutional & GAP Analysis and update statistical data on levels of Service Delivery, etc. C. REPORTS to be prepared by Senior Management and other relevant Officials for purposes of feeding into IDP Analysis review. D. MEETINGS with other Stakeholders for the purpose of forward planning.	Dr Beyens Naude LM	Ward Councilors and all other relevant Stakeholders, incl. MM, Directors, Managers and other senior Officials.	To be completed by 31st October 2019	5,000	A: B: C: D:														
C	PHASE 2 : STRATEGIES																				
22	DISTRICT-LEVEL MEETING & CONSULTATIONS	Consultation with DP Managers and submission of Progress Reports	Sarah Baardman DM (meetings with LMs)	DP Managers and DP Coordinators	Friday 25th October 2019	2,000															
23	IDP REVIEW STRATEGIC PLANNING SESSION	To be facilitated by SBOM. Focus on Project Planning - in response to Ward Development & Institutional Development Priorities. Relevance to IDP, Budget (mCOA) & SDBP.	Dr Beyens Naude LM assisted by SBOM	All Officials serving on the IDP Steering Committee	Wednesday 30th October 2019 (Full day)	3,000															
24	A. mDCOA SC Meeting B. Management Meeting	B. To include discussions on how project plans must respond to Ward Development Priorities and budgets aligned accordingly.	Dr Beyens Naude LM	Top Management	Monday 4th November 2019	-															
25	IGR FORUM MEETING A Forum promoting Inter-Governmental Relations	Mayor's IGR meeting with key role-players from other spheres of Government with the aim to improve service delivery through effective communication, consultation and engagement.	Dr Beyens Naude LM, Sarah Baardman DM & Sector Departments	Mayor, Councilors, all relevant senior Officials from Government Departments & Mun.	Tuesday 5th November 2019	-															
26	IDP REPRESENTATIVE FORUM MEETING Sector Department consultations and alignment	Participatory process. Present CBP Reports and revised Ward Development Priorities to Sector Departments for purpose of guiding and informing their Budget Plans. Ensure that Sector Depts and other institutions respond to issues identified by the Communities during Ward-Based Public Participation sessions.	Sarah Baardman DM & Dr Beyens Naude LM	Mayor, Speaker & all Councilors, MM, Directors / Managers, IDP Manager and relevant Officials, all DP Stakeholders	Wednesday 6th November 2019 at 10:00	3,000															

HODs remember to consider Ward Priorities first and foremost when formulating (or reviewing) Objectives, developing (or reviewing) Strategies and identifying and prioritising specific activities within specified timeframes.

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Stakeholders & Relevant Structures	Date or Timeline	Cost Estimate (RDP)	STATUS	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	95, 96, 97	
27	A. 2018/19 Annual Report B. 1st Quarterly Report C. Oversight Report & AFS D. Oversight Meeting	Finalize Annual Report. Schedule Oversight Committee meeting. In-year reporting to be referred to Council. Consolidate Status Reports and Needs Analysis Reports. All Municipal Depts to assess Objectives, are they realistic and achievable? Do our Strategies require revision, are they focused, specific, measurable, timebound and attainable, based on local potential and resources? Are they aligned with NDP, NSDP, PDP, PSOP, District plans, etc. and are they accommodating cross-cutting dimensions? Do they respond to Ward Development Priorities? Determine what must be done by the Municipality and what falls within the competency of Sector Departments. Establish Funding Streams and Resource Framework. Start working on 1st Draft Project Register.	Dr Beyens Naude LM	Mayor, MM, CFO & PMO	1st week of November 2019	-														
28	DEPARTMENTAL CONSULTATIONS IDP Analysis, Priorities & Strategies	The IDP's Development Priorities and Objectives should be aligned with the following 5 Key Performance Areas : KPA 1: Organizational Transformation & Institutional Development KPA 2: Service Delivery & Infrastructure Planning (incl. FES, Housing, SDF, LEA, etc.) KPA 3: Local Economic Development KPA 4: Financial Viability KPA 5: Good Governance & Public Participation	Dr Beyens Naude LM	MM, CFO, Directors, Managers and other functional areas, DP Manager & PMO	By 2nd week of November 2019	-														
29	BUDGET PLANNING PROCESS STARTS	All Managers and Budget Drivers to determine Operating & Capital Budget Requirements for 2020/21 (staff estimates, general expense, maintenance). Identify roll-over Projects; review costing and duration of project (implementation & completion). Start preparing 1st Draft SQBP with available project data (financial & non-financial KPIs)	Dr Beyens Naude LM	MM, CFO, Budget Drivers & Project Owners	To commence 18 November 2019	-														
D	PHASE 3 : PROJECTS																			
30	DEPARTMENTAL PROJECT PLANS	All Managers to complete a Project Planning Template for each Project. The Project Name must reflect its core function, its nature or intention and show linkages between Priorities, Objectives and Strategies and with Funding Streams. Directors and Managers to design KPIs that are based on SMART principles. The data to be transferred to SQBP (for funded projects).	Dr Beyens Naude LM	MM, Directors, Managers, PMO	Project Plans completed by 25th November 2019	-														
31	A. mSCOA SC Meeting B. Management Meeting	B. To include reportback by Budget Drivers on project plans and extent to which they respond to Ward Development Priorities and budgets aligned accordingly.	Dr Beyens Naude LM	Top Management	Monday 2nd December 2019	-														

Identify and design appropriate interventions which will achieve the desired solution with a sustainable result. Be very strategic - consider all cross-cutting integrations through a multi-sectoral & consultative approach. DO NOT COMPILE A WISH LIST OF UNFUNDED PROJECTS! Apply aggregation of similar Projects (e.g. consolidate naming of streets).

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Stakeholders & Relevant Structures	Date or Timeline	Cost Estimate (€P)	STATUS	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Oct '19
32	IDP Steering Committee Meeting	Reportback on Ward-based Public Participation Roadshow (feedback session). CFO to provide guidance on Budget preparation process, project plans to be prioritized in accordance with available funding streams. IDP Project Register to be revised.	Dr Beyens Naude LM	Mayor & Ward Councilors, MM, Directors / Managers, IDP Manager and other relevant Officials	Wednesday 4th December 2019 at 10:00	1,500													
33	Budget Steering Committee Meeting	Consider outcomes of Strategic Planning Sessions and sign plans accordingly.	Dr Beyens Naude LM	Budget Steering Committee	Thursday 5th December 2019	-													
34	DRAFT PROJECT REGISTER	Complete 1st Draft IDP Project Register and submit to Sarah Baumgartner DM.	Dr Beyens Naude LM	IDP Manager	By 15th December 2019	1,500													
35	COUNCIL IN RECESS, OFFICIALS ON LEAVE	The up loose ends and table with relevant parties to ensure all data has been received and is ready for processing.	Dr Beyens Naude LM	IDP Manager & PMS Officer	From mid Dec. 2019 to mid Jan. 2020	-													
36	A. mSCOA SC Meeting B. Management Meeting	B. To include discussions on progress with IDP Review and preparation of Draft IDP & Budget.	Dr Beyens Naude LM	Top Management	Monday 13th January 2020 (TBC)	-													
37	A. 2nd Quarterly Report B. 2018/19 Annual Report C. Overnight Meeting D. 2019/20 Adjustment Budget Review E. Mid-year Performance Review	Complete 2018/19 Annual Report and 2019/20 Adjustment Budget, commence with 2019/20 Mid-Year Performance Review. Overnight Committee meeting. In-year reporting to be referred to Council.	Dr Beyens Naude LM	Mayor, MM, CFO & PMO	Completed by 17th January 2020	-	A: B: C: D: E:												
38	2019/20 STATUS QUO ASSESSMENT 2nd Quarter Reports	2019/20 SOBP - Update status of Projects, as at end of December 2019. Determine whether we are on track in terms of our 2017 - 2022 IDP's Strategy Implementation and will we meet our Objectives for 2019/20?	Dr Beyens Naude LM	MM, Directors, Managers, IDP Manager, PM Officer	Reports to be submitted by 17th January 2020	-													
39	1ST DRAFT DEPARTMENTAL PLANS, SOBP, CAPITAL & OPERATING BUDGETS	1st Draft of Departmental Plans, Scorecards and SOBP to be prepared, using IDP, Budget & PMS for tracking progress & implementation of Projects and evaluating overall performance.	Dr Beyens Naude LM	MM, Directors, Managers, IDP Manager & PM Officer	Prepared by 17th January & approved by end of January 2020	-													
40	2020/21 BUDGET ESTIMATES Operating & Capital Budget	Complete and submit to CFO in order to prepare detailed Budgets with 3 - 5 year Financial Plan.	Dr Beyens Naude LM	MM, CFO, Directors & Managers and other Budget Drivers	By end of January 2020	-													
41	ADOPTION OF ANNUAL & MID-YEAR REPORTS AND ADJUSTMENT BUDGET & ADJUSTED SOBP A. 2018/19 Annual Report B. Overnight Report C. 2019/20 Mid-year Report D. 2019/20 Adjustment Budget E. 2019/20 Adjusted SOBP	Table 2018/19 Annual Report & Oversight Report and submit 2019/20 Adjustment Budget and Mid-Year Performance Report at a Special Council Meeting. (To be advertised.)	Dr Beyens Naude LM	Mayor, MM, CFO, LM Council, Directors, Managers, other relevant Officials and members of the public	Special Council Meeting Thursday 20th January 2020	-	A: B: C: D: E:												
42	A. mSCOA SC Meeting B. Management Meeting	Identify areas that are still lagging behind and require focused attention. Discuss final stages of preparing Draft IDP & Budget to ensure readiness for tabling in March.	Dr Beyens Naude LM	Top Management	Monday 3rd February 2020	-													

Use this time to have all the applicable Policies and Plans finalized and adopted.

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Stakeholders & Relevant Structures	Date or Timeline	Cost Estimate (DP)	STATUS	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	02, FY	
51	DP Representative Forum Meeting	Sector Alignment, Representations by Sector Departments & SOEs.	Dr Beyens Naude LM	Mayor, Speaker & all Councilors, MM, Directors / Managers, (DP Manager and relevant Officials; all DP Stakeholders	Wednesday 11th March 2020 at 10:00	3,000		1	2	3	4	1	2	3	4	1	2	3	4	1
F	PHASE 5 : APPROVAL																			
52	DRAFT 2020/21 DP & BUDGET Prepared for Tabling	Prepare draft DP & Budget for tabling to Council, taking into consideration all inputs, promulgations, amendments and alignments; Corporate Services to advertise Council Meeting.	Dr Beyens Naude LM	MM, CFO & DP Manager, with the assistance of relevant Officials	EDCO by 16th March 2020	3,000														
53	DRAFT 2020/21 DP, BUDGET & SDBP ADOPTED Special or Ordinary Council Meeting	Table completed draft DP, Budget & 1st draft SDBP before Council for adoption; to be advertised for public comment. After adoption prepare copies of Draft DP for distribution and upload to website.	Dr Beyens Naude LM	MM, CFO, Directors, DP Manager, other Managers, PMO, other relevant Officials, all Council, with interested members of the public & other Stakeholders	Thursday 26th March 2020 (TBC)	5,000														
54	A. mSCOA SC Meeting B. Management Meeting	Confirm commencement of Mayoral Outreach starting on 05/04/2020 and that all logistics have been taken care of.	Dr Beyens Naude LM	Top Management	Monday 6th April 2020	-														
55	DISTRICT ALIGNMENT Draft DP & Budget	Forward draft DP & Budget to Sarah Baartman DM for alignment & adjustments.	Sarah Baartman DM Dr Beyens Naude LM	CFO, DP Manager & other relevant parties	1st Week of April 2020	-														
56	A. 3rd Quarterly Report B. Oversight Meeting	Prepare Report. Oversight Committee to meet. Submit report to Council.	Dr Beyens Naude LM	Mayor, MM, CFO & PMO	By 2nd week of April 2020	-														
57	A. Draft 2020/21 DP & Budget advertised for Public comment. B. Schedule of Public Meetings and Media releases for Mayoral Outreach.	Placing of notice for public inspection & comments (21-day compliance period) in local newspapers, on notice boards, insert on monthly billing accounts, post on notice boards and on social media; announce at Ward meetings. (Notice to reach the Advertiser by 23/03/2020. Print DP's for public inspection.)	Dr Beyens Naude LM	CFO & DP Manager, with the assistance of Ward Councilors and relevant Officials	Ad to appear on Thursday 26th March 2020. Inspection & Comments period ends Thursday 30th April 2020.	5,000														
58	LAST ROUND OF PUBLIC ENGAGEMENTS Official Notice Ward & Public Meetings	Copies of Draft 2020/21 DP & Budget distributed to strategic points in all 14 Wards for inspection and comments for 21 days, from 6th April until 30th April 2019. Post on website. Mayor & Councilors to engage their constituencies in final consultations (Mayoral Outreach, schedule of meetings also to be advertised on 26th March). PMO to accompany and give presentation on KPIs & Targets.	Dr Beyens Naude LM	CFO & DP Manager, assisted by 100 Colleagues, Mayor, Ward Councilors, Directors, Managers, PMO and other relevant Officials	MAYORAL OUTREACH 6th April until 30th April 2020.	10,000														
59	DISTRICT-LEVEL MEETINGS & CONSULTATIONS Alignment	Consultation with DP Managers on progress and effecting final alignment between District & Local DP's & Project Registers.	Sarah Baartman DM, Dr Beyens Naude LM	DP Manager and DP Co-ordinators	Friday 17th April 2020 (TBC)	-														
60	DISTRICT STAKEHOLDER CONSULTATIONS	2020/21 DP & Budget Roadshow at Local Municipalities (Sarah Baartman Mayoral Outreach).	Sarah Baartman DM	Sarah Baartman Planning Unit, BNL Council & DP Stakeholders	TBC	-														

WERE ALMOST AT THE FINISHING LINE !

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Relayers & Relevant Structures	Date or Timetable	Cost Estimate (RDP)	STATUS	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	62, 67
61	A. eSOGA-SC Meeting B. Management Meeting	Discussions in preparation for the finalisation of DP & Budget.	Dr Bayers Naude LM	Top Management	Monday 5th May 2020.	-													
62	DP : FINAL STEPS DP Steering Committee Meeting	A. Attend to comments received, make final amendments to DP and prepare report for DP Steering Committee. B. Refer to DP Steering Committee: final discussions, recommendations to Rep. Forum & Council.	Dr Bayers Naude LM	Mayor & Ward Councilors, MM, Directors / Managers, DP Manager and other relevant Officials	Wednesday 6th May 2020 at 10:00	1,500													
63	DP : FINAL STEPS DP Representative Forum Meeting	Discuss final amendments with Stakeholders in order to reach consensus about the preparation and submission of the final document to Council for Approval, with clearly formulated recommendations. Also to be referred to EXCO before going to Council on 28/05/2019)	Dr Bayers Naude LM	Mayor, Speaker & all Councilors, MM, Directors / Managers, DP Manager and other relevant Officials, all DP Stakeholders	Wednesday 13th May 2020 at 10:00	3,000													
64	DP & BUDGET Referred to EXCO	Final 2020/21 DP & Budget to EXCO for consideration. Corporate Services to place notice advising Council Meeting for approval of DP & Budget.	Dr Bayers Naude LM	MM, Administration	EXCO by 18th May 2020	3,000													
65	DISTRICT-LEVEL MEETING & CONSULTATIONS	DP Representative Forum Meeting	Sarah Baertman DM, Dr Bayers Naude LM	MM, Mayor / DP Portfolio Councilor & DP Manager	Tuesday 19th May 2020	3,000													
66	2020/21 DP & BUDGET APPROVED Special or Ordinary Council Meeting	Prepare and submit final DP, SDBP, Budget & Budget-related Policies, Rates & Tariffs to Council for Approval and implementation. Ensure that resolutions are recorded and minuted, for future implementation and monitoring.	Dr Bayers Naude LM	MM, CFO, Directors, Managers, DP Manager, PM Officer and other relevant Officials, full Council, with interested members of the public & other Stakeholders	Thursday 28th May 2020 (TBC)	1,500													
67	DISTRICT & PROVINCIAL UPDATE OF DP PROCESS	A. Interaction with SDBM regarding processes followed and adoption dates. B. Confirmation of completion of proposals and adoption date with COGTA. A. Forecast based & soft copies of DP to MEC COGTA, SDBM and ensure that other Provincial & National Government Departments (e.g. Treasury) are also supplied with copies. B. Additional copies of DP & Budget to be made available to internal and external Auditors. C. Ensure copies are distributed to MM, all Directors & Managers, Municipal Satellite Offices and all Libraries for the public to view and uploaded to website.	Sarah Baertman DM, Dr Bayers Naude LM	MM, Directors, Managers, DP Manager & Planning Staff	First week of June 2020	-													
68	DISTRIBUTION OF APPROVED DP & BUDGET	A. Post on website and upload to internal systems, make necessary adjustments to public, print Budget Document, submit final Budget to National & Provincial Treasury. B. SDBP and Annual Performance Management Contracts (inling KPA's & KPIs to DP & Budget) to be completed and Mayor to table these for Council's approval. To be submitted to MEC and published within 14 days after approval.	Dr Bayers Naude LM	MM, CFO, DP Manager	During first week of June 2020 (10 days from date of approval)	5,000													
69	IMPLEMENTATION OF 2020/21 BUDGET		Dr Bayers Naude LM	Mayor, MM, CFO, Administration, ICT	A. During June 2020. B. Budget to be implemented on 1st July 2020.	-													

WELL DONE !

Line Item	Details / Outcomes / Key Missions	Main Activities / Actions	Responsible Agent	Roleplayers & Relevant Structures	Date or Milestone	Cost Estimate (RDP)	STATUS	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20		
70	A. IMPLEMENTATION OF NEW 5-YEAR IDP B. IDP & BUDGET PROCESS PLAN 2020/21	A. Post on website and upload to internal systems. Implement programmes as soon as official approval has been received from relevant authorities. Monitor, assess, review by way of regular Status & Progress Reports, linked to PMS. Keep Sarah Baartman DM informed. B. Commence with planning for 4th & final review of DP.	Dr Beyers Naude LM	Mayor, MM, IDP Manager, PMO, all Directorates and their Departments	A. During 1st week of June 2020. 4th Edition of IDP to be implemented on 1st July 2020. B. By 31st July 2020.	-															
71	A. 4th Quarterly SGBP / Annual Performance Report B. Oversight Meeting C. 1st Draft 2019/20 Annual Report	Prepare final Quarterly / Annual Performance Report. Prepare 1st Draft 2019/20 Annual Report. Oversight Committee to meet. Submit reports to Council.	Dr Beyers Naude LM	Mayor, MM, CFO & PMO	July 2020	-															
72	2020/21 IDP ASSESSMENTS	Provincial Assessments of 2020/21 IDPs - dates and venue to be confirmed. Being done per District and specific dates allocated. Print enough copies of IDP.	Dr Beyers Naude LM	MM, Director and IDP Manager	July or August 2020	8,000															
73	INCIDENTALS	Miscellaneous requirements for IDP Office : Purchase of stationery and equipment necessary for the IDP Process, including Community-based Planning.	Dr Beyers Naude LM	IDP Manager	As required for annual review IDP and Ward Plans	15,000															
TOTAL COST ESTIMATE FOR THE 3rd REVIEW OF THE 2017 - 2022 IDP PROCESS							105,500														

NB : Cost estimates are for IDP processes and activities only.

THANK YOU!



IMPORTANT NOTES : IMPLEMENTATION & PROGRESS OF PROCESS PLAN

Line Item	Comments by IDP Manager
*	It is essential that everyone co-operate to ensure that deadlines for each phase of the IDP Review are met and key outcomes are achieved. It is not an open-ended process.
💡	The red flashing light will flag activities that are falling behind schedule or those that have not been actioned.

GOOD PLANNING, GOOD CO-OPERATION, GOOD COMMUNICATION AND SYNERGY BETWEEN THE PROCESSES WILL MAKE THIS THING WORK!





CHAPTER 2

GOVERNANCE



CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Dr Beyers Naudé Local Municipality strives to, within its financial and administrative capacity, achieve the objectives set out in Section 1 of Chapter 7 of the Constitution.

Dr Beyers Naudé Local Municipality is a Category B Municipality as stipulated in the Municipal Structures Act (Act 117/98). This is a Collective Executive System type municipality. Council takes its mandate from section 152 of the Constitution namely within its financial and administrative capacity to achieve the objectives of Local Government.

Council approved an Administrative Structure through its staff establishment to ensure that all Council resolutions are implemented diligently. The staff establishment consists of an Institutional Structure (Organogram) with all posts included to deliver on the mandate of Council and it includes the macro and micro structure (Senior Management, middle management and other staff) in line with the human resources needs of Council to implement the IDP.

Council is also dependent on sound intergovernmental relations with the other spheres of government to ensure integrated planning and resource mobilization for significant impact in the community. All decision making is reliant on the effective participation of the residents and the responsiveness of the Council and the municipality to ensure public accountability. Dr Beyers Naudé Local Municipality worked with the community during the 2018/19 financial year through Mayoral Outreach meetings, ward meetings, ward committee meetings as well as stake holder meetings through the IDP process and IDP Representative forum meetings. Co-operation with CDW's is not good and has to improve.

T 2.0

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality works together as Council the Administration and the Communities in order to meet the set vision and mission enshrined in its 2019- 2022 Integrated Development Plan.

T 2.1

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Council has four (4) Standing Committees that meet as per the Year Planner. There are also several sub-committees that have been established but more training is needed to improve their functioning. Ordinary and Special Council meetings sit as scheduled – as per the year planner. MPAC has also been established but has indicated that more training is needed. The Rules of Order Delegations Register and the Municipal Code are all in place. The Local Labour Forum has not always met as scheduled, especially for the latter part of 2018/19.

The relationship between Council and Organized Labour is fairly sound and healthy. Very few service delivery protests have been experienced during the last year under review.

T 2.1

COUNCILLORS

Dr Beyers Naude Local Municipality has a total of 27 Councillors of which 14 are ward Councillors and 13 Councillors appointed on a proportional basis.

T 2.1.2

POLITICAL DECISION-TAKING

Council has four (4) Portfolio Committees which submit reports with recommendations to the Executive Committee which, after considering the reports received from the Portfolio Committees, forward these reports to Council for a final decision. Council may delegate certain powers to any of its committees. These powers can also be withdrawn by Council at any time.

Committees therefore give assistance to Council to ensure effective decision-making. Council's decision-making process is also being influenced by inputs and advice received from the community through Ward Committees. There are fourteen (14) Ward Committees and they meet regularly. Some matters are lifted from their meetings to the Portfolio and Executive Committees and ultimately to the Council Agenda for consideration.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Dr Beyers Naudé Municipal Council consists of twenty-seven (27) Councillors selected in accordance with sub-sections (2), (3), (4) and (5) of the Constitution.

Decisions are being taken by Council during Council Meetings, scheduled as per the Year Planner. The administration strives to implement such Council decisions/resolutions in the shortest period of time after resolutions have been taken.

T 2.2.1

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations are of utmost importance to Dr Beyers Naudé Local Municipality. The Council operates within the confines of the Intergovernmental Framework Act and Chapter 3 of the Constitution of the Republic of South Africa to ensure good relations with all spheres of government in the interests of the community. There is a local IGR Forum in place, with the aim of bringing all sectors and departments of Provincial and National Government together to plan for development in the Dr Beyers Naudé local Municipality's area of jurisdiction. The representatives of the IGR Forum provide information on programs and projects earmarked for the municipal area.

Dr Beyers Naudé Local Municipality is also represented at the Sarah Baartman District Municipal IGR Forum to meet with National and Provincial Governments Departments where Senior Officials attend with the objective of the alignment of the National Development Plan, the Provincial Growth and Development Strategy and the District IDP and the Municipal IDPs.

The IGR Forums provide relevant information from the two other spheres of government to the Municipality to include the Municipal IDP to ensure a seamless integrated development process with significant impact for the local community.

The MEC for Co-operative Governance and Traditional Affairs in the Province of the Eastern Cape also convenes a MuniMec Meeting for Mayors and Municipal Managers to interact on the Key Performance Areas of government, as well as using this platform to address issues related to IGR.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Dr Beyers Naudé Local Municipality has a representatives attending the IGR meetings conducted by SALGA

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Dr Beyers Naudé Local Municipality sometimes has quarterly IGR meetings with the different Sector Departments.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

A District Development Agency, namely Cacadu Development Agency, has been established by Sarah Baartman District Municipality to assist the Local Municipalities within the district with local economic development. Dr Beyers Naudé Local Municipality has no municipal entities.

T 2.3.3

DISTRICT INTERGOVERNMENTAL RELATIONS

District Intergovernmental Relations meetings are convened by the Sarah Baartman District Municipality. The local Intergovernmental Relations has not been very effective and active during the financial year under review. There were no quarterly meetings held between the municipality and Sector Departments.

The relationship between the Sector Departments and the municipality is stable but needs to improve. The municipality works with Provincial and district Departments especially the Office of the Premier and Departments such as DSRAC, Rural Development, Social Development and Human Settlements.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

1. INTRODUCTION

The Speaker is responsible for managing and co-ordinating ward committees and public participation within Dr Beyers Naudé Local Municipality. The aim is to strengthen good governance, public participation and involve communities through public participation programmes.

2. CURRENT PUBLIC PARTICIPATION STRUCTURES

- Council Meetings
- Mayoral Road Shows
- Ward Committees
- SPU Forums
- IDP REP Forum
- Specific Project Steering Committee

3. PUBLIC PARTICIPATION UNITS

- Ward Co-ordinator
- Special Programmes Unit
- Communication
- Customer Care
- Free Basic Service

4. STATUS AND FUNCTIONALITY OF WARD COMMITTEES AS WELL AS PROCESSING OF WARD COMMITTEE REPORTS

Dr Beyer's Naudé Local Municipality consist of 14 wards. Ward committees has been established throughout Dr Beyers NaudéLocal Municipality. All ward committees are functional as they send ward committee reports through their ward councillor to the Office of the Speaker. All issues raised by ward committees were put on a template which was then circulated to all directorates to comment or give inputs on matters concerning their directorate and departments. Correspondence on issues relating to Sector Departments has been sent of which SASSA and Department of Social Development responded in writing. SAPS, Department of Health and Department of Home Affairs visited my office to respond to the issues raised. No responses from Department of Roads and Transport received to date.

Mr Mandla Mpempe from MML Consulting cc has submitted a proposal for ward committee training to LGSETA on behalf of the municipality. We are waiting for the outcome of that request.

5. WARD COMMITTEE VACANCIES

The following wards have vacant positions on the Ward Committees:

WARD 2

Land & Farming, Women;

WARD 3

Social Welfare;

WARD 4

LED, Disable:

WARD 5

Sports, Arts & Culture, Business and Disable;

WARD 6

Education and Sport, Arts& Culture;

WARD 7

Business, Religion, Health & Women;

WARD 9

Health;

WARD 10

Youth;

WARD 12

Show Ground geographical area

Sandkraal voting station

Mount Steward voting station;

WARD 14

Business.

6. REPORTING MANAGEMENT OF CDWs IN MUNICIPALITIES

CDWs are not reporting directly to the Ward Co –Ordinator who is part of the meetings when they are reporting to COGTA officials or assessed which is quarterly. CDWs are governed by the Public Service Act 1994. The municipality assists from time to time by providing access to venues for their meetings as well as other resources available to enable them to do their work. There are currently 9 CDWs deployed in the Municipality and they are not deployed according to the new Municipal Boundaries. CDWs assist in making ward profiles and also help in the verification of IGG applications but where there is no CDW this becomes a challenge for the municipality. CDWs vacancies were advertised back in 2016 but were never filled. Below is how CDWs are based;

- 1 in Aberdeen
- 3 in Graaff-Reinet
- 2 in Klipplaat
- 2 in Jansenville
- 1 in Willowmore

7. STATE OF PUBLIC PARTICIPATION & PETITION MANAGEMENT PROCESS IN THE MUNICIPALITY

This is one of the grey areas as there is no petition committee of council at this stage. Whenever there is a petition from the community or a CBO the Municipal Manager will receive it and schedule a meeting of council to discuss the petition and a resolution(s) will be taken.

If a petition comes from within the municipality, the Municipal Manager will arrange a Management meeting to discuss the matter(s) raised as well as refer other relevant matters to the Local Labour Forum. A request has been forwarded to COGTA to assist the municipality in this regard.

8. WARD OPERATIONAL PLANS

A draft ward operational plan has been developed which will go to council for approval. The idea is to give uniformed guidance for all ward committees to develop a ward operational plan.

9. WAR ROOMS

War Rooms are dysfunctional across the wards

10. CHALLENGES

- Fully functional Public Participation Unit
- No ward operational plans or programme of action submitted in order to have all ward committees activities incorporated on the municipal year plan. This will assist the Speaker to hold Ward Councillors and Ward Committees accountable and responsive.
- Not all wards have CDW's appointed
- Outstanding MOU between COGTA & Dr Beyer's Naude LM in regard to CDW

11. WORKABLE SOLUTIONS

- The Speaker is to take up the matter of the CDWs vacancies and the MOU in relation to the CDWs with COGTA as a matter of urgency
- To provide office space for CDW's.
- To have the draft ward operational frame work plan approved by council so that all ward committees are to develop their ward operational plan by end of August 2019.
- Speaker to urgently organise a meeting between COGTA and the municipality for assistance in drafting a petition policy

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The objective of communication is to use it as a tool to facilitate its developmental roles by encouraging a culture of stakeholder participation for democratic governance. Thus, to keep stakeholders, both internal and external, abreast of any and all developments surrounding the municipality. The ultimate aim is to build and strengthen the municipality's reputation and stakeholder relationships.

The communications office intent to reach internal stakeholders, i.e. employee's, councilors, and labour unions, as well as external stakeholders that include communities within the municipal jurisdiction, organized stakeholder groups operating in the municipality's area of jurisdiction and South African government departments.

The carriers of communication include the Mayor, Municipal Manager, Councilors, Communication staff and heads of departments.

The tools that is most appropriate for communicating with the target audience includes electronic and digital channels, i.e. the municipal website; commercial media, i.e. national, provincial and local newspapers and television; social media, i.e. Facebook, twitter and Instagram; advertising and advertorials; municipal publications, i.e. annual report, newsletter and notices; and events and platforms, i.e. council meetings, staff meetings, stakeholder meetings.

T 2.4.1

WARD COMMITTEES

The objective of a Ward Committee is to enhance participatory democracy in Local Government, as public participation is considered one of the key tenets of democratic governance in South Africa. A Ward Committee has the power to make recommendations on any matters affecting its Ward through the Ward Councillors to the Municipal Council.

In response to the constitutional directive to involve communities in decision-making and ensuring services are brought to the people, Ward Committees have been in the forefront in mobilizing communities for free basic services and in community-based planning. Ward Committees as the mouthpiece of the community has been reporting service delivery issues be it Local, Provincial or National Government matters.

Ward Committees were established to serve as participatory structures and to be the formal, unbiased communication channels of the community, as well as to create co-operative partnerships between the community and the Council.

Ward Committees make recommendations through the Ward Councillor to Council to assist the Councillor in its work; express dissatisfaction of non-performance; advise and make recommendations on policy affecting residents and Wards; spread information concerning Municipal affairs such as the Budget, IDP, Service Delivery options and Municipal properties; receive queries and complaints; ensure participation of the community in service payment campaigns; inform about the IDP and Budget processes, decisions on Municipal service provision and by-laws, etc. The Ward Committees must act in the best interests of the community.

T 2.4.2

Ward Committee & Community Public Participation Meetings

Nature and purpose of meetig	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
<p>WARD 1 TO WARD 14</p> <p>Giving report to members of the public on issues raised concerning service delivery, giving budget updates and information sharing</p>	Quarterly meetings	Only the ward Councillor	None	Difficult to document all dates of Ward Committee Meetings as Ward Councillors do not submit minutes nor attendance registers to the office of the Speaker excluding Wards 3,8 and 10	Yes	Feedback is given in most public meetings on issues raised in the previous public meetings or on community issues raised by ward committees through their monthly reports submitted to the office of the Speaker

2nd REVIEW OF 2017 – 2022 IDP FOR DR BEYERS NAUDÉ LOCAL MUNICIPALITY : ANALYSIS PHASE

▪ WARD-BASED PUBLIC PARTICIPATION MEETINGS FOR REVIEW OF WARD DEVELOPMENT PRIORITIES

WARD 1 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	11/07/2018	Ward Cllr, Committee members & CDW	IDP Manager	11	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 2 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	09/07/2018	Ward Cllr & Committee members	IDP Manager	7	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 3 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	12/07/2018	Ward Cllr & Committee members	IDP Manager	7	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 4 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	04/07/2018	Ward Cllr & Committee members	IDP Manager	9	Yes, interactive discussions & input received	Mayoral Outreach May 2019, feedback given on reviewed Ward Development Priorities and ratings.

WARD 5 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	-	Ward Cllr & Committee members	IDP Manager	-	No, Ward Committee not yet in place	Mayoral Outreach May 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 6 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	09/07/2018	Ward Cllr & Committee members	IDP Manager	5	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 7 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	19/07/2018	Ward Cllr, PR Cllr & Committee members	IDP Manager	7	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 8 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	16/07/2018	Ward Cllr & Committee members	IDP Manager & HD/PM Officer (Willowmore)	11	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 9 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	17/07/2018	Ward Cllr & Committee members	IDP Manager & HD/PM Officer (Willowmore)	11	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 10 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	18/07/2018	Ward Cllr, Committee members & CDW	IDP Manager	11	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 11 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	18/07/2018	Ward Cllr & Committee members	IDP Manager	8	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 12 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	16/07/2018	Ward Cllr & Committee members	IDP Manager	6	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 13 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	17/07/2018	Ward Cllr & Committee members	IDP Manager & HD/PM Officer (Willowmore)	10	Yes, interactive discussions & input received	Mayoral Outreach April 2019, feedback given on reviewed Ward Development Priorities and ratings.
WARD 14 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	10/07/2018	Ward Cllr & Committee members	IDP Manager	6	Yes, interactive discussions & input received	Mayoral Outreach April & May 2019, feedback given on reviewed Ward Development Priorities and ratings.

MAYORAL OUTREACH TO ALL 14 WARDS TO INTRODUCE DRAFT 2019/20 IDP, KPIs AND TARGETS, DRAFT 2019/20 BUDGET, RATES & TARIFFS – CONTINUATION OF PUBLIC PARTICIPATION PROGRAMME

WARD 1 Mayoral Outreach	17/04/2019	Mayor, Speaker, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	100 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 2 Mayoral Outreach	17/04/2019 29/04/2019	Mayor, Ward & PR Cllrs	MM, CFO / Finance & IDP Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	30 30 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 3 Mayoral Outreach	23/04/2019	Mayor, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	50	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 4 Mayoral Outreach	09/05/2019	Mayor, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	85	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 5 Mayoral Outreach	09/05/2019	Mayor, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	50 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 6 Mayoral Outreach	30/04/2019	Mayor, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	35	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 7 Mayoral Outreach	17/04/2019	Mayor, Speaker, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	100 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
WARD 8 Mayoral Outreach	09/04/2019 10/04/2019 15/04/2019	Mayor, Ward & PR Cllrs	Finance Manager, HD / PM Officer, Director/Asst Dir. Of Infra & Planning plus other HODs	85 40 (in various localities of Baviaanskl.) 230 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.

WARD 9 Mayoral Outreach	15/04/2019	Mayor, Ward & PR Cllrs	Finance Manager, HD / PM Officer, Director/Asst Dir. Of Infra & Planning plus other HODs	230 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
<i>WARD 10 Mayoral Outreach</i>	16/04/2019	Mayor, Ward & PR Cllrs	Finance Manager, HD / PM Officer, Director/Asst Dir. Of Infra & Planning plus other HODs	60	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
<i>WARD 11 Mayoral Outreach</i>	16/04/2019	Mayor, Ward & PR Cllrs	Finance Manager, HD / PM Officer, Director/Asst Dir. Of Infra & Planning plus other HODs	115	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
<i>WARD 12 Mayoral Outreach</i>	11/04/2019 (Wolwefon.)	Mayor, Ward & PR Cllrs	Finance Manager, HD / PM Officer, Director/Asst Dir. Of Infra & Planning plus other HODs	20	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
	11/04/2019 (Steytlerv.)			63		
<i>WARD 13 Mayoral Outreach</i>	15/04/2019 (Willowm.)	Mayor, Ward & PR Cllrs	Finance Manager, HD / PM Officer, Director/Asst Dir. Of Infra & Planning plus other HODs	230 (combined meeting)	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.
	15/04/2019 (Vuyolwet.)			65		
<i>WARD 14 Mayoral Outreach</i>	09/05/2019 24/04/2019	Mayor, Ward & PR Cllrs	IDP & Finance Managers, Director/Asst Dir. Of Infra & Planning plus other HODs	50 (combined meeting) 40	Yes, interactive discussions & input received	Where applicable, issues were taken up in IDP, or referred to the responsible Mun/Sector Dept.

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The community in most areas are informed about Municipal issues and take part in decision-making on developmental matters, as priorities they are raising are captured in the IDP. No political unrest and the communities have a strong interest in the Municipal affairs.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	PMO to respond
* Section 26 of the Municipal Systems Act 32/2000	T 2.5.1

APPENDICES

APPENDIX F – WARD INFORMATION

WARD 1 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Cemeteries (Fence, fix and maintain. Attend to flood damage as indicated on map)	None.
2	Stormwater (reconstruct and address ongoing problem in front of Clinic)	None. Shared competency.
3	Sports Fields (develop, upgrade & maintain)	None.
4	Playparks (fence, repair, maintain existing; construct new as indicated on map)	Completed (DEA project), but facilities have been completely vandalized.
WARD 2 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing : NB (housing development below Pienaarsig to be expedited)	Provincial competency. Funding has been made available for further planning. Must be expedited.
2	Traffic Control : GRT (speeding & dangerous intersections)	None (most are Provincial competency).
3	MR605 : NB (last section of road up to Sam's Drift must be tarred. The bridge on bend at De Toren is deteriorating; structural safety is a concern.)	Provincial competency. Only grading of gravel surface was done; tarring of last section still to be completed. Bridge has not received any attention.
4	Waste Management : GRT (address illegal dumping on river banks and other areas)	Private Sector assisted in cleaning both Transfer Station & Landfill site. Illegal dumping & littering still rife. Law enforcement is required.
WARD 3 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (rezoning and formal develop-ment of Riemvasmaak; electrification)	None - Provincial competency.
2	Multi-purpose Centre (Community Hall, Clinic, Library, SPU desks, Care Centre, etc)	Provincial competency. Again out on tender. Site was allocated by Municipality (erf 3625).
3	Streets (surfacing/paving of gravel streets that carry high traffic volumes)	None.
4	RDP Housing (fallen and rectifications in Smartie Town & Geluksdal)	Provincial competency – no progress, no budget.
WARD 4 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (Lower Umas : replace all mud houses with new units & indoor toilets)	Provincial competency – project partially implemented. Housing programme halted.
2	Streets & Stormwater (Lower Umas : all gravel streets to be surfaced/paved)	There has been some progress and maintenance is taking place.
3	MPCC for Umasizakhe (to include Youth training & skills development facilities)	New priority. No progress as yet.
4	Waste Management : provision of refuse bins and bags for all households	Refuse is being removed by Municipality but no provision of bins or bags as yet.
WARD 5 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (surfacing/paving of identified streets, filling of potholes and urgent attention required at areas prone to flooding)	Some areas were worked on but has not had desired result. Flooding still taking place. More effective maintenance is required.
2	Clinic (New facility urgently required at site identified. Existing one must be closed)	No progress - Provincial competency.
3	Sewerage Network (blockages, overflowing in Mandela Park; to be upgraded)	Situation has been brought under control.
4	RDP Housing (housing delivery)	Provincial competency – no progress, no budget.

WARD 6 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Land Release (unblock land in Eunice Kekana Village, Tjoksville & Chris Hani areas for housing, clinic, commercial & church sites)	Apparently there have been meetings but the Ward has not been informed about the specifics. They have not seen any progress.
2	Streets & Stormwater (stormwater systems to be upgraded, streets to be widened)	Work has started on the stormwater system.
3	RDP Housing (remove and replace asbestos roofs in Umasizakhe & Elite View)	Fallen houses project partially implemented - Provincial competency.
4	Traffic calming measures (speedhumps required at crèche and Main Street)	No progress.

WARD 7 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater : Aberdeen (surfacing/paving of all internal streets; priority to those indicated on map)	There has been some maintenance but not of good quality.
2	Cemetery : Aberdeen (construction of new cemetery to be expedited and existing to be repaired & maintained)	No progress. Situation is critical.
3	Public Toilets : Aberdeen (to be upgraded and maintained)	No progress.
4	Traffic calming measures : Aberdeen (speedhumps and other traffic control measures - as indicated on map)	R338 no progress - a Provincial competency. Speedhumps are required on internal (Municipal) roads.

WARD 8 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Bulk water supply to Willowmore (via Wanhoop)	Funding was made available by OTP, contractor appointed and project is well underway.
2	RDP Housing <ul style="list-style-type: none"> ▪ Willowmore (new housing for Vondeling) ▪ Rietbron (40 houses built – identification of beneficiaries) ▪ Baviaanskloof (for people living in mud dwellings) 	Provincial competency. Talks are underway but clarity is required on certain aspects. Otherwise no progress.
3	Electricity in Vondeling & Baviaanskloof	No progress - Dept of Energy competency.
4	Connection of houses in Willowmore town to main sewerage line (removal of septic tanks)	No progress. Situation requires urgent attention.

WARD 9 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, maintenance of all manholes)	Some work was done and maintenance is being carried out. More funding is required to complete all areas.

2	Cemetery : existing one to be expanded	New priority; no progress as yet.
3	Sidewalks along Noord- & East Street (Willowmore)	No progress.
4	Lighting in dark areas (High mast & flood lights)	Street lights have been repaired but high mast lights must still be installed.
WARD 10 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Water Purification Plant	RBIG project - has not yet commenced.
2	Provincial Road R338 (to be tarred)	No progress - Provincial competency.
3	Railway Line (revitalisation)	No progress - Transnet competency.
4	ATM/Mobile Bank (to be positioned close to Police Station)	No progress - Private sector.
WARD 11 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (new development next to Klipplaat Rd to address backlog)	No progress - Provincial competency.
2	Bulk Water Supply (pipeline between Klipfontein & Jansenville, and water quality)	RBIG project has commenced, but there is concern over Klipplaat water source.
3	Sidewalks (to be constructed along gravel streets, where indicated on map)	Some areas have been completed and the rest will receive attention during Phase 2.
4	Hospital / Clinics (to be upgraded and better staffed)	Work is underway - Provincial competency. Phase 2 still to commence.
WARD 12 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (next to Daleview & Bosman Streets)	No progress - Provincial competency. EIA issue must be investigated and clarified.
2	RDP Housing (approved project at Waterford to be implemented)	No progress - Provincial competency.
3	Electricity (provision at Waterford)	Negotiations are underway with Eskom.
4	School/s (more teachers to be appointed)	Has received attention, but issue of absent teachers must be addressed. Prov. competency.
WARD 13 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, new signage)	Some work was done and maintenance is being carried out. Rest of project must be completed.
2	High-mast lights & flood lights in dark areas	Most areas have been addressed but high mast lights are still required in some areas.
3	Upgrading of Vuyolwethu hall (Steytlerville)	No progress. The facility requires urgent attention.
4	RDP Housing (housing backlog must be addressed urgently) & rectification	No progress - Provincial competency.
WARD 14 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (housing delivery must be expedited to address critical need)	No progress - Provincial competency.
2	Streets (surfacing/paving of gravel streets with priority to those indicated on map)	Some areas were attended to but there are other critical areas that still need to be addressed.
3	Stormwater (address areas prone to flooding as indicated on map)	Some work was done in neighbouring Wards. Flooding is still a problem in Ward 14.
4	Mobile Library (to address urgent need for such a facility in the Ward)	No progress – Provincial competency.

T.F.3

WARD 1 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Cemeteries (Fence, fix and maintain. Attend to flood damage as indicated on map)	None.
2	Stormwater (reconstruct and address ongoing problem in front of Clinic)	None. Shared competency.
3	Sports Fields (develop, upgrade & maintain)	None.
4	Playparks (fence, repair, maintain existing; construct new as indicated on map)	Completed (DEA project), but facilities have been completely vandalized.

WARD 2 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing : NB (housing development below Pienaarsig to be expedited)	Provincial competency. Funding has been made available for further planning. Must be expedited.
2	Traffic Control : GRT (speeding & dangerous intersections)	None (most are Provincial competency).
3	MR605 : NB (last section of road up to Sam's Drift must be tarred. The bridge on bend at De Toren is deteriorating; structural safety is a concern.)	Provincial competency. Only grading of gravel surface was done; tarring of last section still to be completed. Bridge has not received any attention.
4	Waste Management : GRT (address illegal dumping on river banks and other areas)	Private Sector assisted in cleaning both Transfer Station & Landfill site. Illegal dumping & littering still rife. Law enforcement is required.

WARD 3 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (rezoning and formal development of Riemvasmaak; electrification)	None - Provincial competency.
2	Multi-purpose Centre (Community Hall, Clinic, Library, SPU desks, Care Centre, etc)	Provincial competency. Again out on tender. Site was allocated by Municipality (erf 3625).
3	Streets (surfacing/paving of gravel streets that carry high traffic volumes)	None.
4	RDP Housing (fallen and rectifications in Smartie Town & Geluksdal)	Provincial competency – no progress, no budget.

WARD 4 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (Lower Umas : replace all mud houses with new units & indoor toilets)	Provincial competency – project partially implemented. Housing programme halted.
2	Streets & Stormwater (Lower Umas : all gravel streets to be surfaced/paved)	There has been some progress and maintenance is taking place.
3	MPCC for Umasizakhe (to include Youth training & skills development facilities)	New priority. No progress as yet.
4	Waste Management : provision of refuse bins and bags for all households	Refuse is being removed by Municipality but no provision of bins or bags as yet.

WARD 5 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (surfacing/paving of identified streets, filling of potholes and urgent attention required at areas prone to flooding)	Some areas were worked on but has not had desired result. Flooding still taking place. More effective maintenance is required.
2	Clinic (New facility urgently required at site identified. Existing one must be closed)	No progress - Provincial competency.
3	Sewerage Network (blockages, overflowing in Mandela Park; to be upgraded)	Situation has been brought under control.

4 RDP Housing (housing delivery) Provincial competency – no progress, no budget.

WARD 6 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Land Release (unblock land in Eunice Kekana Village, Tjoksville & Chris Hani areas for housing, clinic, commercial & church sites)	Apparently there have been meetings but the Ward has not been informed about the specifics. They have not seen any progress.
2	Streets & Stormwater (stormwater systems to be upgraded, streets to be widened)	Work has started on the stormwater system.
3	RDP Housing (remove and replace asbestos roofs in Umazizakhe & Elite View)	Fallen houses project partially implemented - Provincial competency.
4	Traffic calming measures (speedhumps required at crèche and Main Street)	No progress.

WARD 7 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater : Aberdeen (surfacing/paving of all internal streets; priority to those indicated on map)	There has been some maintenance but not of good quality.
2	Cemetery : Aberdeen (construction of new cemetery to be expedited and existing to be repaired & maintained)	No progress. Situation is critical.
3	Public Toilets : Aberdeen (to be upgraded and maintained)	No progress.
4	Traffic calming measures : Aberdeen (speedhumps and other traffic control measures - as indicated on map)	R338 no progress - a Provincial competency. Speedhumps are required on internal (Municipal) roads.

WARD 8 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Bulk water supply to Willowmore (via Wanhoop)	Funding was made available by OTP, contractor appointed and project is well underway.
2	RDP Housing <ul style="list-style-type: none"> ▪ Willowmore (new housing for Vondeling) ▪ Rietbron (40 houses built – identification of beneficiaries) ▪ Baviaanskloof (for people living in mud dwellings) 	Provincial competency. Talks are underway but clarity is required on certain aspects. Otherwise no progress.
3	Electricity in Vondeling & Baviaanskloof	No progress - Dept of Energy competency.
4	Connection of houses in Willowmore town to main sewerage line (removal of septic tanks)	No progress. Situation requires urgent attention.

WARD 9 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, maintenance of all manholes)	Some work was done and maintenance is being carried out. More funding is required to complete all areas.
2	Cemetery : existing one to be expanded	New priority; no progress as yet.
3	Sidewalks along Noord- & East Street (Willowmore)	No progress.
4	Lighting in dark areas (High mast & flood lights)	Street lights have been repaired but high mast lights must still be installed.

WARD 10 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
-----	--------------------------	------------------------

1	Water Purification Plant	RBIG project - has not yet commenced.
2	Provincial Road R338 (to be tarred)	No progress - Provincial competency.
3	Railway Line (revitalisation)	No progress - Transnet competency.
4	ATM/Mobile Bank (to be positioned close to Police Station)	No progress - Private sector.

WARD 11 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (new development next to Klipplaat Rd to address backlog)	No progress - Provincial competency.
2	Bulk Water Supply (pipeline between Klipfontein & Jansenville, and water quality)	RBIG project has commenced, but there is concern over Klipplaat water source.
3	Sidewalks (to be constructed along gravel streets, where indicated on map)	Some areas have been completed and the rest will receive attention during Phase 2.
4	Hospital / Clinics (to be upgraded and better staffed)	Work is underway - Provincial competency. Phase 2 still to commence.

WARD 12 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (next to Daleview & Bosman Streets)	No progress - Provincial competency. EIA issue must be investigated and clarified.
2	RDP Housing (approved project at Waterford to be implemented)	No progress - Provincial competency.
3	Electricity (provision at Waterford)	Negotiations are underway with Eskom.
4	School/s (more teachers to be appointed)	Has received attention, but issue of absent teachers must be addressed. Prov. competency.

WARD 13 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, new signage)	Some work was done and maintenance is being carried out. Rest of project must be completed.
2	High-mast lights & flood lights in dark areas	Most areas have been addressed but high mast lights are still required in some areas.
3	Upgrading of Vuyolwethu hall (Steytlerville)	No progress. The facility requires urgent attention.
4	RDP Housing (housing backlog must be addressed urgently) & rectification	No progress - Provincial competency.

WARD 14 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (housing delivery must be expedited to address critical need)	No progress - Provincial competency.
2	Streets (surfacing/paving of gravel streets with priority to those indicated on map)	Some areas were attended to but there are other critical areas that still need to be addressed.
3	Stormwater (address areas prone to flooding as indicated on map)	Some work was done in neighbouring Wards. Flooding is still a problem in Ward 14.
4	Mobile Library (to address urgent need for such a facility in the Ward)	No progress – Provincial competency.

T F.3



CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT : PART 1)



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

The key services provided by Dr Beyers Naudé Municipality are water, sanitation, electricity, solid waste, roads and streets, storm water, town planning, building control and traffic services. The municipality also own and manages a surfaced airfield in Graaff-Reinet. Fire services, disaster management and health services function are included in services provided locally and on an agency basis in some areas on behalf of the Sarah Baartman District Municipality. All household structures have access to basic services (urban areas) and free basic services are provided to indigent households.

SERVICES	HH WITH NEEDS
Water	100%
Sanitation	100%
Electricity	98%
Solid Waste	100%
Roads & Stormwater	100%

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

The universal access targets set by the Government as well as Outcome 9 emphasized the fact that Municipalities must meet the set targets. The Dr Beyers Naudé Municipality is happy to report that it has achieved these targets in respect of all the basic services.

3.1 WATER PROVISION

INTRODUCTION

Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

Dr Beyers Naudé Municipality is a Water Services Provider (WSP) and Water Services Authority (WSA). 100% of households in the Dr Beyers Naudé Municipal area have access to piped water on their premises or within 200m from the dwellings. The Municipality's strategy is to provide water services in an efficient, affordable, equitable, economical and sustainable manner to all customers in the urban area.

Town	Design Capacity	Operating Capacity
Graaff-Reinet	16ML/d	6,4ML/d
Aberdeen	3,4ML/d	2,9ML/d
Nieu Bethesda	0,83ML/d	0,25ML/d

The table on the previous page shows that all of the towns have spare capacity except Aberdeen where demand is at the design capacity. Provision has been made in 2016/17 MIG programme to increase the design capacity of Aberdeen. Water Safety Plans of former entities need to be reviewed and updated for the new entity. (Yes provision has been made but the project never commenced)

Town	Design Capacity	Operating Capacity
Willowmore	1,5ML/d	0,78ML/d
Steytlerville	2,0ML/d	1,1ML/d
Rietbron	0,27ML/d	0,21ML/d

Willowmore's demand is almost at design capacity. Extra boreholes have been drilled at Wanhoop to augment the water supply to Willowmore however there is an ongoing dispute with the property owner. The Department Water and Sanitation have agreed to the purchase/expropriation of the farm. The process has stalled and it's important that to secure the water supply to Willowmore the process is concluded. The main pumping line from Wanhoop is also in the process of being upgraded. A full cost estimate is required so as to secure additional funding.

Town	Design Capacity	Operating Capacity
Jansenville	2,5ML/d	1,8ML/d
Klipplaat	1,5ML/d	0,52ML/d

As can be seen from the above, the demand outstrips the supply. Fortunately, a Regional Bulk Infrastructure grant has been secured.

Water Service Delivery Levels		Households			
Description		2014/15	2015/16	2016/17	2017/18
		Actual	Actual	Actual	Actual
		No.	No.	No.	No.
Water: (above min level)		-	-	-	-
Piped	water inside dwelling	-	-	17 324	14 231
Piped water inside yard (but not in dwelling)				1 053	0
Using public tap (within 200m from dwelling)				411	411
Other water supply (within 200m)				0	0
Minimum Service Level and Above sub-total				18 698	14 642
<i>Minimum Service Level and Above Percentage</i>				100%	100%
Water: (below min level)				0	0
Using	public tap (more than 200m from dwelling)			0	0
Other water supply (more than 200m from dwelling)				0	0
No water supply					
<i>Below Minimum Service Level sub-total</i>					0
<i>Below Minimum Service Level Percentage</i>					0
Total number of households*				18 698	14 642

Households - Water Service Delivery Levels below the minimum

Households										
Description		Year -3		Year -2		Year -1		Year 0		Actual
		Actual		Actual		Actual		Original Budget	Adjusted Budget	
		No.		No.		No.		No.		No.
Formal Settlements										
Total households		100 000%	0%	100 000%	0%	100 000%	0%	100 000%	0%	100 000%
Households below minimum service level										
Proportion of households below minimum service level										
Informal Settlements										
Total households		100 000%	0	100 000%	0%	100 000%	0%	100 000%	0%	100 000%
Households below minimum service level			0							
Proportion of households below minimum service level										

Access to Water				
		Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2014/15		100%	100 %	100%
2015/16		100%	100 %	100%
2016/17		100%	100%	100%

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute # 6,000 litres of potable water supplied per formal connection per month

Water Service Policy Objectives Taken From IDP

Service	Outline Service	Year -1		Year 0		Year 1	Year 3	
Objectives	Targets	Target	Actual	Target	Actual		Target	
						2016/17	2016/17	2017/18
Service Indicators		2015/16		2015/16	*Current			
(i)	(ii)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Service Objective xxx								
Households Without Minimum water supply	Additional households provided with minimum water supply during the year		0	0	0	0	0	0
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year 2014 interruptions of one hour or more during the year		11%		10%	10%	10%	0%
Improve Water conservation	Reduce unaccountable water levels compared to the baseline of Year -1 unaccounted for during the year		39%		35%	35%	34%	30%
Blue Drop Improvement Plan			60%		60%	50%	60%	60%

FINANCIAL PERFORMANCE YEAR 2018/19: WATER SERVICES

Financial Performance Year 0: Water Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	43341	134568	96917	82981	-14%
Expenditure:					
Employees	9433	17840	12460	12568	1%
Repairs and Maintenance	2508	6130	1056	1273	21%
Other	10364	66229	43832	15813	-64%
Total Operational Expenditure	22305	90199	57348	29654	-48%
Net Operational Expenditure	- 21036	-44369	-39569	-53327	35%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	24047	37383	16893	-55%	
Project A	43306	31285	4802	-85%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.1.9

COMMENTS ON WATER SERVICES PERFORMANCE OVERALL

There has been a commendable improvement in the quality and quantity of potable water produced. This can mainly be attributed to better supervision and training offered. Challenges still remaining are the consolidation of the Water Service Delivery Plan and associated Risk Management Plan for the Water Treatment Plants and systems.

Other major challenges are the expropriation of the farm Wanhoop from which Willowmore receives its potable water. The appointment of Water Boards as implementing agents for the Dr Beyers Naudé Municipality by the Department of Water and Sanitation. The delay in the implementation of the Regional Bulk Infrastructure Grant project for Klipplaat and Jansenville. There are also no domestic water meters in Klipplaat.

A Water and Wastewater Master Plan will have to be developed for Dr Beyers Naudé Municipality in order to plan and identify areas that require upgrading.

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION

The major strategy for sanitation is to ensure that all urban households have access to water borne sanitation by systematically upgrading existing infrastructure.

WASTE WATER SYSTEMS, DESIGN CAPACITY AND OPERATING CAPACITY.

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Graaff-Reinet	4,5ML/d	3,7ML/d
Aberdeen	1,0ML/d	0,78ML/d
Nieu Bethesda	0,05ML/d	0,03ML/d

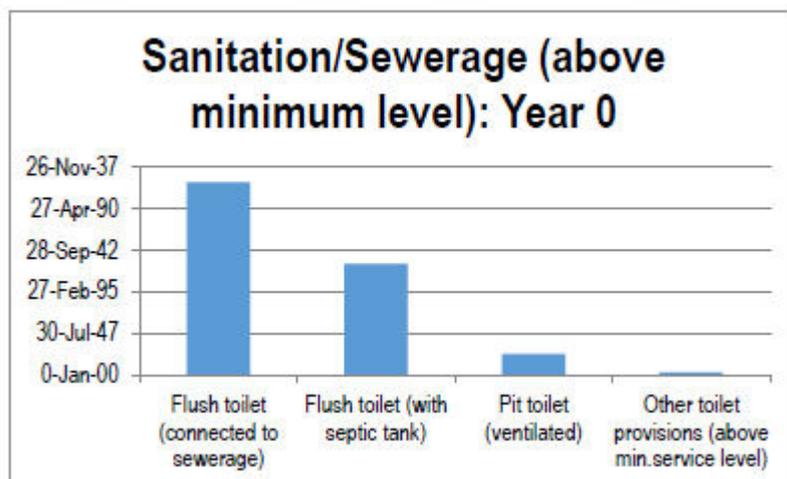
All above plants are operating well within their design capacities.

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Willowmore	1,0ML/d	0,6ML/d
Steytlerville	1,0ML/d	0,5ML/d
Rietbron	0,2ML/d	0,15ML/d

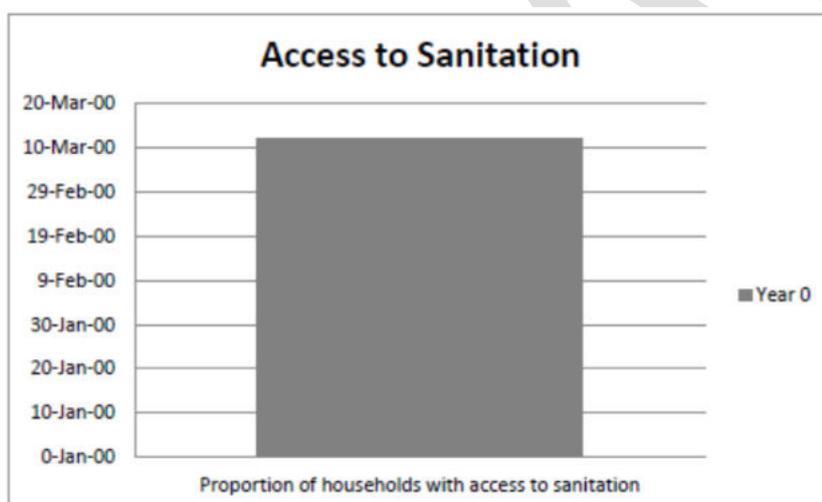
Rietbron is nearing its design capacity and will have to be upgraded in the near future. Grant funding is to be secured for the upgrading.

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Jansenville	1,0ML/d	0,6ML/d
Klipplaat	0,6ML/d	0,2ML/d

Although all plants will be operating within their design capacities, funding for repair work will have to be secured to repair a breached wall of the irrigation pond of Jansenville WWTW.



Sanitation Service Delivery Levels			
Description	*Households		
	Year 0 Actual		
	No.		
Sanitation/sewerage: (above minimum level)			
Flush toilet (connected) to sewerage)			11 660
Flush toilet (with septic tank)			746
Chemical toilet			20
Pit toilet (ventilated)			282
Other toilet provisions (above min.service level)			287
Minimum Service Level and Above sub-total			12 995
Minimum Service Level and Above Percentage			100%
Sanitation/sewerage: (below minimum level)			
Bucket toilet			0
Other toilet provisions (below min.service level)			0
No toilet provisions			0
Below Minimum Service Level sub-total			0
Below Minimum Service Level Percentage			0%
Total households			12 995



Households - Sanitation Service Delivery Levels below the minimum

Description	Households		
	Original Budget	2016/17 Adjusted Budget	Actual
	No.	No.	No.
Formal Settlements			
Total households	12 975	12 975	12 975
Households below minimum service level	0	0	0
Proportion of households below			

minimum			
service level	0	0	0
Informal Settlements			
Total households	0	0	0
Households is below minimum service level	0	0	0
Proportion of households is below minimum			
service level	0	0	0

Financial Performance Year 0: Sanitation Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	30996	30485	4220	5344	27%
Expenditure:					
Employees	4640	15711	9181	8810	-4%
Repairs and Maintenance	1124	3038	1216	925	-24%
Other	3550	29424	9135	4355	-52%
Total Operational Expenditure	9314	48173	19532	14090	-28%
Net Operational Expenditure	-	17688	15312	8746	-43%
	21682				
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

Capital Expenditure Year 2018/19: Sanitation Services

Capital Expenditure Year 0: Sanitation Services					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	565	805	2746	241%	
Project A	6231	9797	9489	-3%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.2.9

COMMENTS ON SANITATION SERVICES PERFORMANCE OVERALL

Overall the sanitation systems are operating well. Funding will have to be sourced for the publication of Waste Water Risk Abatement Plans for all plants Water Use licenses have to be secured for all plants. Application has been submitted to the Department Water & Sanitation, however, there is no feedback from them.

Green Drop System of the former municipality has been consolidated and replaced by IRIS (Integrated Regulatory Information System) for Dr Beyers Naudé Local Municipality.

A Water and Waste Water Master Plan will have to be developed for Dr Beyers Naudé Municipality in order plan and to supply area that require upgrading.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The objective is to adequately upgrade the electrical supply and install the necessary electrical infrastructure as well as maintain them to ensure a sufficient supply to all consumers in the Dr Beyers Naude supply area.

The following are the major strategies:

- * To review the Electricity Master Plan for each supply area.
- * To conduct a meter audit in the Dr Beyers Naude Supply area. / in process.
- * Identify and implement suitable electrification projects.
- * To upgrade old Infrastructure.
- * To replace inefficient public street lighting with energy efficient streetlight technology.

Electrification needs are identified in the IDP based on the Ward and Master Plans.

The Municipality supporting three renewable energy projects in the area namely

- * Solar PV Farm (Carbon Metrics)
- * Giant Flag Sola PV Project, and
- * Aberdeen Wind Farm (Eskom)

The identification and implementation of electrification projects are done continuously and are identified in the IDP.

The following project were implemented during the 2018/19 financial year funded by Department of Energy. DOE allocation R4.5 million.

Project:

Upgrading of MV Infrastructure Graaff-Reinet (Asherville) Ward 3. The project were successfully completed.

Dr Beyers Naude Supply Area

Graaff-Reinet, Jansenville, Willowmore, Steytlerville, Aberdeen and Rural Consumers.

uMasizakhe (Graaff-Reinet), Lotusville (Aberdeen) Nieu Bethesda, Klipplaat, Rietbron, Baviaanskloof are being supplied by Eskom. This function includes the Bulk Purchase of electricity in which the main role player are Eskom and the Municipality.

Basic Standards in Electricity Services

The Electricity Supply is according to the National Regulators guidelines, policies and act for both Low and High level Electricity Services to all the consumers in the Municipal Supply Area.

Service Delivery Priorities

- * To maintain the infrastructure and to upgrade and replace old/or ageing infrastructure to ensure sufficient electricity supply in the Dr Beyers Naudé Area.
- * To maintain normal streetlights and High mast Lights.
- * Maintain pump stations.

IGG Services

All registered IGG electricity customers received 50Kwg free on a monthly basis

Electricity Service Delivery Levels		
		Households
		Year 0
	Description Year 0	Actual
		No.
Energy: (above minimum level)		
Electricity (at least min.service level)		
		2528

Electricity - prepaid (min.service level)	10639
Minimum Service Level and Above sub-total	13167
Minimum Service Level and Above Percentage	99,30%
Energy: (below minimum level)	
Electricity (< min.service level)	150
Electricity - prepaid (< min. service level)	
Other energy sources	
Below Minimum Service Level sub-total	150
Below Minimum Service Level Percentage	0,70%
Total number of households	13317

HOUSEHOLDS: ELECTRICITY SERVICE DELIVERY

Households - Electricity Service Delivery Levels below the minimum:

					Households
Description	Original Budget	Year 0		Actual	
		Adjusted Budget			
		No.	No.		
Formal Settlements					
Total households	0	0		0	
Households below minimum service level	0	0		0	
Proportion of households below minimum service level	0%	0%	0%		
Informal Settlements					
Total households	0	0	150	150	
Households below minimum service level	0	0		150	
Proportion of households below minimum service level	0%	0%	100%		

Electricity Service Delivery Levels below the minimum:

					Households
Description	Original Budget	Year 0		Actual	
		Adjusted Budget			
		No.	No.		
Formal Settlements					
Total households	0	0		0	
Households below minimum service level	0	0		0	
Proportion of households below minimum service level	0%	0%	0%		
Informal Settlements					
Total households	0	0	77	77	
Households below minimum service level	0	0		77	
Proportion of households below minimum service level	0%	0%	100%		

Financial Performance 2018/19: Electricity Services

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year -1		Year 0		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	111575	229616	132602	107465	-19%
Expenditure:					
Employees	12538	21444	12551	13356	6%
Repairs and Maintenance	809	3895	1112	795	-29%
Other	88329	174329	91423	96355	5%
Total Operational Expenditure	101676	199668	105086	110506	5%
Net Operational Expenditure	-9899	-29948	-27516	3041	-111%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.3.7

Capital Expenditure 2018/19: Electricity Services

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	5102	5032	4242	-16%	
Project A	7300	11187	11085	-1%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8

COMMENTS ON ELECTRICITY SERVICES PERFORMANCE OVERALL

Existing infrastructure, especially those serviced by the municipality in rural areas, are either old or near its full load capacity.

The municipality has an agreement with Eskom for the provision of free basic electricity (FBE) to registered indigent households in the Eskom supply areas. Credit control in the Eskom supply areas are problematic since enforcement of Council's Credit Control Policies cannot be implemented

3.4 WASTE MANAGEMENT (including Refuse Collections, Waste Disposal, Street Cleaning and Recycling)

INTRODUCTION

WASTE MANAGEMENT SERVICES DELIVERY STRATEGY AND MAIN ROLEPLAYERS

Dr Beyers Naudé Municipality has a fully integrated waste management services, from refuse collection at households and businesses to recycling at the Transfer Station and disposal at the landfills. Waste Management has become more challenging with the amalgamation of the three previous Municipalities. The Municipality has inherited all challenges around waste management of the three municipalities, the area is big and the resources available must be shared between towns. This function is designated in the Department of Community Services. It has become difficult for the Department of Technical and Infrastructure to assist Community Services when needed due to the high demand of service delivery in all towns.

Solid Waste Service Delivery Levels								
Description					Households			
					2013/14	2014/15	2015/16	2016/17
					Actual	Actual	Actual	Actual
					No.	No.	No.	No.
Solid Waste Removal: (Minimum level)								
Removed at least once a week					8551	8574	9300	9758
Minimum Service Level and Above sub-total					8551	8574	9300	9758
Minimum Service Level and Above percentage								
Solid Waste Removal: (Below minimum level)								
Removed less frequently than once a week								
Using communal refuse dump								
Using own refuse dump								
Other rubbish disposal								
No rubbish disposal								
Below Minimum Service Level sub-total								
Below Minimum Service Level percentage								
Total number of households					8551	8574	9300	9758

Financial Performance Year 2018/19: Solid Waste Management

Financial Performance Year 0: Solid Waste Management Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14472	42672	35604	18352	-48%
Expenditure:					
Employees	14647	22652	12888	12051	-6%
Repairs and Maintenance	707	1909	590	612	4%
Other	8758	10358	3444	2953	-14%
Total Operational Expenditure	24112	34919	16922	15616	-8%

Net Operational Expenditure	9640	-7753	-18682	-2736	-85%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.7

Please note: No capital projects due to shortage of funding.

COMMENTS ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

Regular waste removal service is provided to most residents both formal and informal settlements, businesses, schools and other institutions within the Municipal area. No refuse removal is provided to farms in the Municipal area due to the remote location of the farm and it not being economically viable.

Illegal dumping is still a main concern, in the previous year it was reported that the dumping of household refuse had reduced but due to the increase in towns that must be serviced it has been noted that dumping of household refuse and organic waste has increased dramatically. This, despite households are being serviced on a regular basis as per scheduled times.

Control measures are put in place, illegal dumping signage is erected in most of the towns and fines issued. Waste Management services are as follows:

- Refuse is removed twice a week in areas prone to illegal dumping and once a week in other areas.
- Skips are cleaned twice a week in all areas.
- Townships are cleaned weekly with tractors and front loaders.
- Business are serviced between two and three times a week.
- The landfills and Transfer Station are management by Community Services.
- A contingency plan is in place for any fire incidents at the refuse sites; refuse is covered regularly to minimise fires.

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3464	117	153	31%	
Project A	0	7736	5205	-33%	280
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.4.9

3.5 HOUSING

INTRODUCTION

Housing is a Provincial function and the municipality does not have accreditation. All funding for housing is sourced from the Department of Human Settlements. Beneficiary administration and the identification of suitable land parcels as planned in the Spatial Development Framework are the responsibility of the municipality.

An area in Graaff-Reinet has been identified and approved by the Department. Funding of development in a restructuring zone is the responsibility of National and not Provincial Department of Human Settlement. Plans to construct in this area (Umnyama Park) has been put on hold by the Department.

Officials of the municipality are constantly being trained on the National Housing Needs Register. The municipality still require funding so as to combine the Housing Need Register of the former municipalities.

Most housing projects are progressing at a slow rate due mainly to the Department construction that are unable to perform, namely projects in Willowmore and Steytlerville. The Klipplaat programme has been suspended by the Department of Human Settlements

Percentage of households with access to basic housing									
Year	Total households	Households in formal				Percentage of HHs in formal			
end	(including in formal and informal settlements)	settlements				settlements			
2016/17	17861					200			98.9%

Financial Performance Year 2018/19: Housing

Financial Performance Year 0: Housing Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	297	113	101	3	-97%
Expenditure:					
Employees		1243	0		
Repairs and Maintenance					
Other	0	105			
Total Operational Expenditure	0	1348	0	0	
Net Operational Expenditure	-297	1235	-101	-3	-97%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.5.5</i>

COMMENTS ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL

It must be noted that the percentage of households with access to basic housing does not include "back yard dwellings" on the waiting list.

A serious challenge to the delivery of housing is the fact that funding for electrification of the new RDP houses is only considered by the Department of Energy once 80% of the houses of that specific project are completed and occupied. This results in a situation where beneficiaries must live in the new houses without electricity for up to two year, this naturally has its own ramifications.

3.6 FREE BASIC SERVICES (FBS) AND INDIGENT SUPPORT

INTRODUCTION

The municipality strives to fulfil its constitutional objective which stipulates that poor households must have access to basic services. An indigent subsidy, in line with national government regulations and guidelines, is available to assist the poorest households in the community to receive a basket of basic municipal services for free, including up to 6 kl water, basic sanitation, refuse removal and 50 kWh electricity. To provide further relief, the Rates Policy makes provision for taxes payable by indigent property owners.

Indigent subsidies are available to domestic households where the total household income of all the residing occupants of legal age is less than two state pensions, among other criteria. A Free Basic Services awareness campaign was held during 27 May till 7 June 2019 in each of the wards to inform the community of the availability of the subsidy, the services subsidised, the eligibility criteria and the process to apply for subsidy. Residents had the opportunity to have any questions and uncertainties addressed.

Meetings with internal and external stakeholders were conducted to discuss challenges and sharpen controls where needed. Some of the major challenges relating to Free Basic Services include the rising debt amounts owed by indigent households for water and electricity consumption not covered by the subsidy, the lack of an exit strategy to cancel the subsidy of beneficiaries who no longer qualify and to keep records up to date where residents have moved away or passed away.

FREE BASIC SERVICES

DESCRIPTIONS	2017/18	2018/19
HOUSEHOLDS RECEIVING FREE BASIC SERVICE		
Water (6 Kilolitres per household per month)	7726	8 114
Sanitation (Free minimum level services)	6679	7030
Electricity / other energy (50kw per household per month)	3319	5606
Refuse (removed at least once a week)	6793	7175
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	2016/17	2017/18
Water (6 kilolitres per indigent household per month)	5 006	5 565
Sanitation (free sanitation service to indigent households)	4 523	5 410
Electricity/other energy (50kw h per indigent household per month)	3 153	3 090
Refuse (removed once a week for indigent households)	3 133	3 992
Rates	133	1 236
Total cost of FBS provided	15 948	21 778

COMPONENT B: ROAD TRANSPORT

COMPONENT B: ROADS

3.7.1 INTRODUCTION TO ROADS

The major strategies are:

- Conduct an audit of all areas to determine the extent and nature of the problem. Utilize RRAMS for this purpose.
- Develop a roads management system (Master Plan) of all roads and to register projects identified in it. Funding is required.
- Make adequate provision for street maintenance in the operational budget. Currently this is done annually based on Ward – based planning undertaken during the IDP process.
- The systematic upgrading of gravel roads by means of labour-intensive methodologies as implemented under the EPWP has created much needed job opportunities e.g. concrete paving bricks were utilized instead of conventional methods of pavement surfacing.

CHALLENGES

- Surfaced roads require urgent resealing. Many are of the old Macadam surfacing technique and are badly cracked as the binder has dried; resulting in potholes forming every time it rains.
- Many roads have reached their useful life and extensive re construction thereof is required.
- The identification and implementation of a dedicated truck route through Graaff-Reinet is required as well as a weighbridge.
- Maintenance on district roads (gravel) needs to be undertaken on a continual basis.
- Funding for the development of a Roads Management System as well as an Integrated Transport Plan is required.

All households have access to a minimum level of service.

3.7 ROADS

Road Infrastructure

				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2018/19	198	0	0	198

Tarred Road Infrastructure

							Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted			Tar roads maintained
2018/19	114	0	1	0			114

Financial Performance Year 2018/19: Roads and Stormwater Services

Financial Performance Year 0: Road Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	269	10933	4016	8058	101%
Expenditure:					
Employees	18915	38260	19742	19803	0%
Repairs and Maintenance	1605	5847	804	800	0%
Other	4530	25123	12488	4668	-63%
Total Operational Expenditure	25050	69230	33034	25271	-24%
Net Operational Expenditure	24781	58297	29018	17213	-41%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					<i>T 3.7.8</i>

Capital Expenditure Year 0: Road Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9151	5395	2318	-57%	
Project A	2320	6656	9632	45%	280
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.)					<i>T 3.7.9</i>

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

More funding will be required in the future years to address the maintenance of municipal roads and surfacing of gravel roads. Roads and stormwater were identified in all wards as being a priority for maintenance and upgrading.

The District roads are maintained by the Department of Roads & Public Works and SANRAL maintains all National Roads within the Dr Beyers Naude Municipal area.

3.8 STORMWATER DRAINAGE

3.8.1 INTRODUCTION TO STORMWATER DRAINAGE

Stormwater drainage, minor and major system, is a major problem in the Dr Beyers Naude area and was highlighted as concern of residents at Ward Committee meetings.

Challenges:

- Old infrastructure needs to be replaced.
- Some existing infrastructure does not meet the capacity and needs to be upgraded.
- Regular flash floods cause damage to properties and road infrastructure, especially in areas with steep slopes.

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater drainage, minor and major system, is a major problem in the Dr Beyers Naude area and was highlighted as a major concern by residents during the IDP Ward Meetings

CHALLENGES:

- Old infrastructure needs to be replaced.
- Some existing infrastructure does not meet the capacity and needs to be upgraded.
- Regular flash floods cause damage to properties and road infrastructure especially areas with steep slopes

- Capital Expenditure Year 2018/19: Stormwater					
- R' 000					
Details	Year 0				
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Graaff-Reinet Rehab of stormwater	0	0	0	0	0

3.7.6 COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The current stormwater system is a major concern in all wards, especially where gravel roads and steep slopes are involved. The Dr Beyers Naude area is prone to thunderstorms resulting in flash floods. Funding for this function, especially maintenance, is limited and should receive a higher priority.

A Stormwater Master and Maintenance Plan is urgently required to assist in addressing the problem. The municipality has budgeted about R16 million until 2019/20 for Capital projects aimed at addressing the roads and stormwater challenges within its jurisdiction. This will go a long way in addressing some of the challenges.

3.8 TRANSPORT (including Vehicle Licensing and Public Bus Operation)

INTRODUCTION

Dr Beyers Naudé Local Municipality does not operate a Public Bus Transport system.

The main objective is to promote voluntary compliance with traffic legislation, to reduce traffic contraventions and road carnage and to improve safe road user behaviour. We would be planned as many as possible roadblock actions and speed measurement plans in order to combat road accidents during holiday and festive periods.

Our goals, objectives and main themes will be the basis of ongoing, day-to-day road traffic law-enforcement and communication programmes as agreed for National, Provincial, Metropolitan and Local traffic authorities.

A special effort was made to educate teachers of the Department of Education in respect of "child in traffic" courses and to participate in road traffic safety promotion programmes. The aim is to target our primary school children. They are the leaders of the future and by targeting them, they could be able to manage by educating the elderly within their homes.

We are holding every two months an Incident Management Committee meeting with different role players like, Kwezi V3 the contractor appointed by SANRAL for maintenance of the N9 route, SAPS, Emergency and Rescue Services, Department of Roads and Transport: Graaff-Reinet, Municipal Traffic and Fire Services. In

above meetings we mainly focus on upgrading of the road network critical areas in our region where accidents could happen and how to improve the road network infrastructure in the area.

With regard to vehicle licensing, a Service Level Agreement was entered into by the Eastern Cape Department of Transport, acting for and on behalf of the Eastern Cape Provincial Government, Dr Beyers Naude Local Municipality and subsidiary Registering Authorities Graaff Reinet (User Group No. 1035A) Aberdeen (User Group No. 1006A), Jansenville (user group No. 1045A), Steytlerville (usergroup No. 1073A) Willowmore (User Group No. 1090A)

The Service Level Agreement was signed on 03 April 2017 for a duration of (3) three years.

3.9 WASTE WATER (Stormwater Drainage)

INTRODUCTION

Stormwater drainage, minor and major system, is a major problem in the Dr Beyers Naudé area and was highlighted as concern of residents at Ward Committee meetings.

CHALLENGES

- Old and under capacity infrastructure needs to be upgraded or replaced.
- Regular flash floods cause damage to property and road infrastructure, especially in the southern and eastern areas of Graaff-Reinet.

COMMENTS ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The current storm water system is a major concern in all wards, especially where there are gravel roads and steep slopes involved. The area is prone to intense thunderstorm resulting in flash flooding of properties and streets. Funding for this function is limited and should receive a high priority.

A Stormwater Master and Maintenance Plan is urgently required to assist in addressing the problem.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Planning is generally considered to be part of a comprehensive process when a public sector institution (municipality) intervenes in a problem solution that affects human society.

THE MAJOR STRATEGIES ARE:

- Develop a Spatial Development Framework Plan (SDF).
- To consolidate and update the land use management system to a fully integrated Geographical Information System (GIS).
- Systematically release suitable land for housing and commercial development.
- Develop a Zoning Scheme.

The Town Planner and Building Control Officer perform the function of land use management and building control. The administration Department provides the administrative assistance and Protection Services assists with law enforcement of by-laws and contravention of land use management and building regulations.

3.10 PLANNING

INTRODUCTION

The top five (5) Service Delivery priorities were:

- Formulation of the Dr Beyers Naudé Integrated Scheme Regulations which includes public participation in the formulation of the policy, updating of land use register, and zoning maps;
- Crafting of SPLUMA By-laws which also includes public participation for the adoption by Council;
- Aligning the Zoning Scheme Regulations with the Spatial Planning and Land Use Management Act 16 of 2013;
- Investigation of non-conforming and illegal land uses; and

Implementation of the Spatial Development Framework (SDF) to eradicate spatial distortions and advancing Social Justice.

Financial Performance Year 0: Planning Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	
Expenditure:					
Employees	775	1365	1204	1159	-4%
Repairs and Maintenance	0	18	0	0	0%
Other	7	117	41	30	-27%
Total Operational Expenditure	782	1500	1245	1189	-4%
Net Operational Expenditure	782	1500	1245	1189	-4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.10.5

COMMENTS OF THE PERFORMANCE OF PHYSICAL PLANNING

The municipality continues to comply with the provisions of the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) through the establishment of a Municipal Planning Tribunal (MPT), the adoption and implementation of the SPUMA by-laws.

A multistakeholder engagement was held on the 31st July 2019 in order to craft a plan for the development of SPLUMA compliant Land Use Management Systems (wall to wall Land Use Scheme and an Integrated Spatial Development Framework). The involved stakeholders are as follows:

- a) Department of Cooperative Governance and Traditional Affairs;
- b) Municipal Infrastructure Support Agent (MISA);
- c) Sarah Baartman District Municipality (SBDM);
- d) The Office of the Premier (OTP); and
- e) The Department of Rural Development and Land Reform.

Like the municipality, all the mentioned stakeholders are committed to ensuring that the physical planning function within the LM is adequately regulated by proper Land Use Management Systems for harmonious land development.

Currently only three (3) out of eight (8) towns have a land use scheme (Camdeboo Integrated Zoning Scheme). All other towns are administered in terms of section 8 regulations of the Land Use Planning Ordinance 15 of 1985 (LUPO). This poses a challenge because the section 8 regulations do not offer the much needed and necessary choice to potential land developers. There is an urgent need to address this matter.

The municipality has recently seen the growth of informal settlements due to the slow RDP Housing delivery. As a result of this slow delivery, some areas particularly in Graaff-Reinet and Jansenville have resorted to occupy land illegally. This is currently being addressed through legal processes, however a long term solution will be to explore informal settlement upgrading through identification of vacant land, relocation of the new informal houses and upgrading the site through the connection of bulk services (Water, Electricity and Sewer) and registration of the sites.

3.11 LOCAL ECONOMIC DEVELOPMENT (including Tourism and Market Places)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The LED and Tourism unit is tasked with the obligation of growing the BNLM economy by enabling small, medium and micro sized enterprises (SMME), creating an environment in which the business society can optimally operate and to ensure that sustained increases in growth is obtained. Other critical key success areas are agriculture, manufacturing, Trade and construction. Tourism is also key to the success of the BNLM economy and is seen as a primary source for revenue enhancement and creating job opportunities.

T 3.11.1

Economic Activity by Sector			
	R '000		
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	2	1.5	1.5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	217	226.5	236.5

T 3.11.2

Economic Employment by Sector			
	Jobs		
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000
Wholesale and retail trade	190,000	200,000	210,000
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
Total	1905000	1955000	1887000

T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

The municipality through the EPWP and CWP programs, created over 300 jobs in an effort not only to bring relief to the unemployed, but also to stimulate the economy to Tourism and Marketing places. Additional jobs have been created specifically for small businesses in the construction industry through the Municipal MIG Projects as well as with projects that are in partnership with Sanral, Coega Development Corporation (CDC) and Department of Public Works.

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
				T 3.11.5

Jobs created by initiatives: Initiative A

– Paving of Streets in Graaff-Reinet (Emerging enterprises only)

2 local companies have been employed. 12 additional jobs have been created through the appointment of these companies

Initiative B – Erection of Security Fence in Spandau Secondary School (CDC in partnership with DBNLM)

2 local companies are employed as sub-contractors. 16 other smme's currently receiving training.

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4,500
* - Extended Public Works Programme		T 3.11.6

Jobs created through the CWP Programme only: 265

Please refer to the EPWP section for other EPWP program

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.11.8

Current employees – 4
 Job level 4-6 – 4
 7-9 -0

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year - 1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	539	189	220	200	-9%
Expenditure:					
Employees	2476	8053	1967	2199	12%
Repairs and Maintenance	4	289	12	6	-50%
Other	-82	2542	388	-85	-122%
Total Operational Expenditure	2398	10884	2367	2120	-10%
Net Operational Expenditure	1859	10695	2147	1920	-11%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.11.9

Capital Expenditure Year 0: Economic Development Services					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	18	32	13	-59%	
Project A	0	426	269	-37%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The Municipality has embarked on a process of developing a new Local Economic Development Strategy/Plan. The new statistics show that there has been a major shift in what is deemed to be key economic sectors and activities

The Municipality is dependent upon five key economic activities, they are listed below in order of priority:

Key economic activities	Description LED
Community Services/ Public Sector	DBNLM is currently deemed to be largely dependent on the community services, which refer to the public sector being the major employer of the Municipality, this is a new development when compared to the previous years
Tourism	DBNLM is a popular holiday destination. It has also become a sought after residential location for retired persons and foreigners. This has certainly have had a positive contribution to our economy.
Agriculture	There has been a significant decline in the growth of this sector, mainly infested by small businesses. Drought has also contributed to this fact. However, it still employs approximately 8% of the population.
Manufacturing	This proved to be one of the fastest growing sectors. It currently employs approximately 10 % of the economy of DBNLM This has certainly have had a positive contribution to our economy.

The current socio economic profile under the Development of the LED Strategy Programme reveals that the main economic driver since 2016 for Dr Beyers Naude LM is Community Services (Public sector Employment), followed by the Finance sector. Tourism and Agriculture remain at the heart of Dr Beyers Naudé Local Municipality's economy, but these sectors in particular which previously used to serve as primary sectors still hold great potential to provide sustainable job opportunities, however they need to be looked at from a value chain perspective. Mining, construction and manufacturing are identified as other promising sectors. Furthermore, it is important to view all these sectors as potential drivers of the economy without disregarding the complex manner in which they all interlinked, and the emerging markets for technologies focused on water, energy and waste.

The municipality has through the EPWP programs, continuously created the equivalent of 300 FTE's (Full Time Equivalents) per annum, in an effort not only to bring relief to the unemployed, but also to stimulate the economy.

Agriculture - The municipality still faces major challenges in respect of the current drought, the consistent demand for the replacement of ageing infrastructure in commonages. Assistance has been received however the situation still remain the same
We are however confident that the challenges will be overcome and that the service standards will be maintained.
We will continue to strive for the betterment of our communities.

Highlights: LED

Community Work Programme (CWP) Programme assist to alleviate poverty
Small Town Regeneration Programme
Wool and Mohair Programme. MU entered between Mohair South Africa and DBNLM
FNB Incubator Programme
Development of the LED Strategy Plan commenced. A draft Socio Economic Profile has been workshopped with relevant role players and is to be tabled to Council.

Challenges: LED

The following challenge with regard to the implementation of the LED strategy is:

Description Actions to address

More human Resources capacity need to be afforded to assist in the full operational process of Developing the Strategy.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

INTRODUCTION

The objective is to address critical needs and problems being experienced by the community of Dr Beyers Naudé Local Municipality by providing facilities that will address the recreational and other social needs of the community.

The Municipality does not have the function of museums but we provide the buildings for some of the museums and attend to maintenance of same.

In addition to the above, the Municipality attended to the upgrade of the Collie Koeberg sports facility which is a sports complex utilized by the community at large and the intention is to provide a suitable sports complex for use by the community.

The Municipality also attended to the upgrade and erection of play parks for the use of the community and it has been successfully implemented.

3.12 LIBRARIES, ARCHIVES, MUSEUMS, COMMUNITY FACILITIES & OTHER (Theatres, Zoos, etc.)

Financial 2018/19: Libraries; Archives; Museums; Galleries; Community Facilities; Other

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other						
					R'000	
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	3156	14158	13527	3156	-77%	
Expenditure:						
Employees	4778	10955	7361	6332	-14%	
Repairs and Maintenance	37	515	71	24	-66%	
Other	2091	4539	2323	1976	-15%	
Total Operational Expenditure	6906	16009	9755	8332	-15%	
Net Operational Expenditure	3750	1851	-3772	5176	-237%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.12.5	

General performance is satisfactory during the year under review especially with libraries.

CHALLENGES

The general challenge with the libraries is the allocation of limited budget by DSRAC versus the expenditure. An amount of R2, 3 million was received for the financial year at hand and it does not meet the operational needs of the services delivered to the communities.

Major challenge is IT upgrading and internet connections to all libraries which a district problem.

3.13 CEMETERIES AND CREMATORIUMS

INTRODUCTION

Cemetery sites in Graaff-Reinet were originally maintained and operated by churches within the community. Cemeteries in other towns are operated by the Municipality. Cemetery Services is customer focused and provides an essential service to those who have experienced a loss. We provide a sanctuary for the final resting place of loved ones, where lives are commemorated, deaths are recorded and the families are reunited.

Financial 2018/19: Cemeteries and Crematoriums

Details	2018/19			R'000	
	Year -1 Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	27	122	117	
Repairs and Maintenance	0	6	0	0	
Other	0	244	160	0	
Total Operational Expenditure	0	277	282	117	-141%
Net Operational Expenditure	0	277	282	117	-141%

COMMENTS ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL

Dr Beyers Naudé is currently faced with a huge crisis regarding availability and suitability of land for burials. Old cemeteries are full and the process of erecting new cemeteries cannot start without funding. The soil in the Jansenville and Willowmore is rocky that makes it difficult for burials to take place as prescribed by Legislature.

First Phase of Construction completed in 2015/2016 at the new Graaff-Reinet Cemetery site and basic assessment completed at the Aberdeen Cemetery site.

The Department of Environmental Affairs and Tourism is in the process of issuing approval for burial at the Graaff-Reinet Cemetery.

Funding must be made available for the second phase at the Graaff-Reinet cemetery in order to complete it due to the amalgamation and the focus on basic service delivery the Municipality is currently not able to make funding available for upgrade or construction of new cemeteries.

Construction is delayed at the Aberdeen Cemetery due to funding. We do not have a crematorium. Bodies are sent to Port-Elizabeth for cremation.

3.14 CHILD CARE, AGED CARE, SOCIAL PROGRAMMES

INTRODUCTION

The Special Programmes Unit of the Municipality is responsible for a vast base of vulnerable groups, ranging from amongst others Disabled Persons, Youth, Sport and Recreation, Women, Children and Elderly Persons.

The majority of Older Persons in the Dr Beyers Naudé Local Municipal Area have been deprived from adequate education, employment and socio-economic opportunities. Without the means to break free from the bondage of poverty, secure retirement benefits or to ensure that their children would flourish. Older Persons not only need assistance, they deserve respect.

The Municipality is still involved in a number of Child and Aged Care facilities by means of service delivery in terms of the care of children and aged people. Ageing is recognized as an inevitable stage of life, which requires special needs. The development paradigm aims to enable Older Persons to live active, healthy and independent lives for as long as possible.

The Local Aids Council had an Induction Workshop on 7 June 2017 whereby it was agreed that a fully-fledged Local Aids Council (LAC) be established before the end of the 2016/17 Financial Year. The AIDS councils are to identify testing opportunities, mobilize people and DOH will provide the testing.

The Dr Beyers Naudé Local Municipality is in the process of establishing a Children Forum as well as a Forum for the Elderly. This will give these groups a platform to share their views and raise their issues, concerns and also presents solutions. The Municipality continues to support all special facilities that fall under the jurisdiction of the Municipality by way of basic service delivery as set out in the Municipal Systems Act, 2000 (Act 32 of 2000).

Older persons face many challenges and the South African legislation addresses The Constitutional mandate to protect the human rights of older persons by removing all forms of racial discrimination and by addressing inequality in government-funded services.

Despite the small challenges, it remains the vision of the Dr Beyers Naudé Local Municipality to cultivate and promote stronger relationships with sector departments. The Municipality is built on good relationships with the local, district and provincial Departments and will continue to work together with these departments, to ensure a better life for the residents of our municipality.

Skills shortages are widely regarded as the main factor which slows economic growth in our municipal area. As a result, the Special Programmes Unit and the Human Resources Department are in the process of drafting our Skills Development Policy as well as establishing our Skills Development and Training (SD&T) Department and to identify sectors with skills deficiencies, and then develop programmes to nurture individuals to drive economic growth across the municipal area, district and South Africa.

The main focus of the Municipality is to explore solutions to overcome skills shortages in the various industries.

Projects / Programmes supported by the Special Programmes Unit – Including the ones listed and many more projects as they arise in the IDP -593, IDP-592:

- Vuyani Safe Haven
- Ikamva School
- Camdeboo Hospice
- ACVV
- Cluster Home, Aberdeen
- Eliakim Cluster Foster Home – Graaff-Reinet
- HCBC SC – Graaff-Reinet Masithembe Action Group – Aberdeen
- Single Parents Associations

- Intergenerational for the Aged
- Home-based Care for the Aged
- Crime Prevention – various towns in collaboration with CPF
- Skills Development – various towns in collaboration with the HR Department
- Teenagers against Drugs Abuse (TADA)
- Aberdeen Victim Support Centre
- Camdeboo Aquaculture Fish Project
- Khomonani Victim Support Centre
- Passionate Gospel Convention
- Kroonvale Brass Band
- Little Lamb Disabled Group
- Klipplaat Soup Kitchen
- Simunye Youth Group in Jansenville
- DOS Mobile Crèche – Bavianskloof, Zaaymanshoek, Vondeling, Rietbron and surrounding farms.

The mandate of the Special Programmes Unit is to promote, facilitate, coordinate and monitor the realization of the rights of women, men, youth, children, senior citizens and people with disabilities. The Special Programmes Unit is determined to ensure that the mandate is executed in terms of mainstreaming the rights and upliftment of women, men, children, senior citizens, youth, sport and recreation and people with disabilities through advocacy, intersectional collaboration, capacity development, monitoring and evaluation.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

INTRODUCTION

Pollution control is a District function; this function has been put under the Local Municipality on an agency basis and budget is allocated from the District Municipality in order to perform this task.

3.16 BIO-DIVERSITY, LANDSCAPE (INCLUDING OPEN SPACES) & OTHER

INTRODUCTION

The Municipality is not having a specialized unit concentrating on Bio-Diversity but is maintaining open spaces and is managing its commonage in such a way that overgrazing does not take place. The Municipality must do more in this regard and take pro - active actions and in so doing reduce adverse impact on the environment and encourage local Bio-Diversity.

COMPONENT F: HEALTH

3.17 CLINICS

INTRODUCTION

The Municipality does not render Primary Health Care Services; this is a Provincial Competency.

3.18 AMBULANCE SERVICES

INTRODUCTION

The Municipality does not render Ambulance Services; this is a Provincial Competency.

3.19 HEALTH INSPECTIONS, FOOD AND ABATTOIR LICENSING AND INSPECTION, ETC.

INTRODUCTION

All businesses are visited on a quarterly basis or when complaints are received by the community. The Certificate of Acceptability is issued by the Health Inspection Section within the Community Services Department.

Illegal dumping of waste by abattoirs and butcheries is still a main concern, as well as illegal dumping of waste in areas not allocated.

Financial Performance Year 0: Health Inspection and Etc						R'000
Details	Year - 1	Year 0			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	1208	1280	1369	2179	59%	
Expenditure:						
Employees	2836	4339	3434	3378	-2%	
Repairs and Maintenance	100	194	61	45	-26%	
Other	971	1591	629	679	8%	
Total Operational Expenditure	3907	6124	4124	4102	-1%	
Net Operational Expenditure	2699	4844	2755	1923	-30%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					<i>T 3.19.5</i>	

SERVICE STATISTICS FOR HEALTH INSPECTIONS, ETC.

No	Data Elements	Value	Comment
1.	WATER QUALITY MONITORING		
	EH Domestic water sample collected	224	
	EH Domestic water sample compliant	194	
2.	FOOD CONTROL		
	EH Food premises inspected	176	
	EH Food premises compliant	169	
	EH Food poisoning reported new	0	
	EH Food sample bacteriological analysis	42	

	EH Food sample bacteriological compliant	42	
3.	WASTE MANAGEMENT		
	EH Health care waste generator inspected	13	
	EH Health care waste generator compliant	13	
4.	HEALTH SURVEILLANCE OF PREMISES		
	EH Premises tobacco legislation inspected	194	
	EH Premises tobacco legislation compliant	181	
5.	VECTOR CONTROL		
	EH Surveillance/Inspection of premises	176	
	EH Rodent/Pest compliant	173	
6.	ENVIRONMENTAL POLLUTION CONTROL		
	EH Pollution control on premises	194	
	EH Pollution on premises compliant	166	
7.	DISPOSAL OF THE DEAD		
	EH Inspection of Funeral Parlors	6	
	EH Funeral undertaker's/mortuaries compliant	6	
8.	BUILDING PLANS INSPECTIONS		
	EH Building plans inspections	145	
	EH Building plans health regulations compliant	145	
No	Data Elements	Value	Comment

COMMENTS ON THE PERFORMANCE OF HEALTH INSPECTIONS, ETC. OVERALL

Dr Beyers Naudé Municipality currently employs two health inspectors under the Department of Community Services. The following are the duties that are performed by the Health Section on a regular basis:

- Testing of Samples of Dairy and Milk products
- Testing of drinking water according to the Water Quality Management System (WQMS)
- Inspections of Funeral Undertakers in the Area
- Formal and informal food handling premises are inspected regularly
- Assistance with the application of pauper burials
- Assistance with the application of exhumed bodies for reburial
- Submission of quarterly reports to District Municipality
- Visiting Circumcision sites during June and December

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION

The Protection Services are incorporated as a division under the Directorate of Community Services. The aforementioned means that the Manager: Protection Services reports directly to a section 57 appointee, the Director: Community Services. This division, Protection Services, are mainly responsible for the sub-divisions: Traffic Control, Law Enforcement, Fire Brigade Services and Disaster Management.

The main objective is to promote voluntary compliance with traffic legislation, to reduce traffic contraventions and road carnage and to improve safe road user behaviour. We have planned as many as possible roadblock actions and speed measurement plans in order to combat road accidents during holiday and festive periods. Our goals, objectives and main themes will be the basis of ongoing, day-to-day road traffic law-enforcement and communication programmes as agreed for National, Provincial, Metropolitan and Local traffic authorities.

The critical offences in our town is disobeying of no-parking / no-stopping offences, driving without driving licenses, operating without the necessary transport operating licenses, held cell phone in hand while driving and

also exceeding the speeding limit. Graaff-Reinet, Aberdeen and Willowmore are on the route between Cape Town and Queenstown / Umtata as well as Johannesburg and George where passenger transport operators should be request to ensure that the drivers of the vehicles become more responsible and safe road users and to respect the rights and lives of other road users.

3.20 POLICE

INTRODUCTION

Dr Beyers Naudé does not have a Municipal Police Force. However, the Municipality does work closely with SAPS and some Councillors serve on the local CPFs.

TRAFFIC CONTROL AND SAFETY

Municipal Traffic Services Data

Details		2016/17			
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	274			
2	Number of by-law infringements attended	10			
	Number of Traffic Officers in the field on an				
3	average day	4	5	4	5
	Number of Traffic Officers on duty on an				
4	average day	4	5	4	5

Traffic Police Policy Objectives taken from IDP

Service	Outline	Year -1		Year 0		Year 1	Year 3		
Objectives	Service	Target	Actual	Target	Actual		Target		
Service		*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Reduction in road accidents within jurisdiction	5 % reduction in road accidents over the	5%	A0%	5%	T1%	A1%	T2%	T5%	T5%
		reduction in year -1	reduction in year -1	reduction in year 0	reduction in year 0	reduction in year 0	reduction in year 1	reduction in year 3	reduction in year 3

		target for							
		the							
		previous							
		year							

Financial Performance Year 2018/19: Traffic Control

Financial Performance Year 0: Traffic Control					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2468	11114	4112	2962	-28%
Expenditure:					
Employees	5187	10406	5484	4724	-14%
Repairs and Maintenance	204	207	310	310	0%
Other	465	783	783	2453	213%
Total Operational Expenditure	5856	11396	6577	7487	14%
Net Operational Expenditure	3388	282	2465	4525	84%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.20.5

The department did not meet its target for conducting preventative traffic patrols and to enforce traffic legislation compliance – as per our business plan – due to staff shortages.

Employees: Traffic Officers

Job Level	Year -1			Year 0		
Traffic Officers	Employ ees	Posts	Employ ees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
Administrators	No.	No.	No.	No.	%	
Chief Traffic Officer & Deputy	2	2	2	0	0%	
Other Traffic Officers	4	4	4	4	n/a	
Total	6	6	6	4	67%	

After the amalgamation, we started with various internal consultative workshops to develop an organizational structure for the newly established Dr Beyers Naudé Local Municipality. Based on the fact that Jansenville and Willowmore do not have appointed traffic officials, we developed such a structure that will be addressed during the placement process.

3.21 FIRE

INTRODUCTION

The main objectives of our fire services (taken from the IDP) are to prevent fires and to protect life and property should a fire occur. Our top four service delivery priorities are vehicle and equipment availability and maintenance, replacement of fire equipment, fire safety inspections and reviewing of building plans.

Dr Beyers Naudé Local Municipality operates strictly according to the SANS 10090:2003, Community Protection Against Fire Standard Code. The different towns within our jurisdiction do not render a 24/7 fire services.

Dr Beyers Naudé LM was established as a result of a merger between the former Municipalities of Camdeboo, Ikwezi and Baviaans, on 8 August 2016, after the Local Government Elections held on 3 August 2016. Geographically the new Municipality makes up 49.19% of the SBDM's area.

The measures taken to improve performance are based on the risk assessment that was done in terms of SANS Code 10090:2003.

FIRE SERVICE DATA

Details	Year -1	Year 0		Year 1	
	Actual No.	Estimate No.	Actual No.	Estimate No.	
1 Total fires attended in the year	84				
2 Total of other incidents attended in the year	3				
3 Average turnout time - urban areas	8.21 minutes				
4 Average turnout time - rural areas	56 minutes				
5 Fire fighters in post at year end	11				
6 Total fire appliances at year end	9				
7 Average number of appliance off the road during the year	2				
					T 3.21.2

FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3			
		Target	Actual	Target	Actual	Target				
		*Previous Year		*Previous Year	*Current Year	*Current Year	*Current Year	*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Service Objective xxx										
Turnout time compared to National guidelines	% turnout within guidelines (total number of turn outs)	T0% within guidelines	A0% within guidelines or x if x is larger	T1% within guidelines or A0% if that is larger	70% within guidelines or A0% if that is larger	A1% within guidelines	75% within guidelines or A1 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)	T 3.21.3

CURRENT FIRE AND RESCUE STATIONS

DBNLM does not have any suitable or purpose-designed fire stations, but is utilising fire garages in which fire pumpers are stored. None of the stations have a control centre. No shift system is in place, only a standby system where firefighters respond from their residences after-hours, over weekends and public holidays. There are currently no major pumping appliances available in the DBNLM area of jurisdiction. The DBNLM fire and rescue service operates from 6 locations/sites at the moment which is situated in:

- Graaff-Reinet
- Willowmore
- Aberdeen
- Jansenville
- Nieu-Bethesda
- Steytlerville

GRAAFF-REINET

The Graaff-Reinet fire and rescue building is well situated in the CBD and is shared with the municipal traffic and disaster management functions in the same building.

The fire and Rescue Service is rendered from 07:30 to 16:30 from the station. There are currently one Manager: Protection Services and 4 Firefighters deployed at the station and one Senior Firefighter position which is currently vacant.

After normal working hours-including weekends and public holidays- employees are placed on rotational standby and need to respond from home to the station. Calls are predominantly received from SAPS or the Emergency Ambulance Services radio control rooms. Employees on standby utilise LDV skid units, where available, to respond from home.

Apart from the 2 x medium pumpers, a water tanker, a fire water trailer and HAZMAT trailer have been allocated to Graaff-Reinet.

WILLOWMORE

Willowmore fire and rescue service occupies a building (with limited facilities) which is shared with the Provincial Ambulance Service. A Hino 500 medium pumper with rescue equipment, as well as a LDV skid fire unit, a HAZMAT trailer and water trailer is stationed at Willowmore. Three persons were trained as fire fighters during this financial year. There are currently one Fire Officer and 3 fire fighters stationed at Willowmore.

The fire and rescue service is rendered from 07:30 to 16:30 from the fire and rescue building. After normal working hours including weekends and public holidays, employees are placed on standby and need to respond from home to the incident. Calls are predominantly received from SAPS or the Ambulance Services Control rooms. There is no control centre. Calls are received via cell phones issued to the officer and firefighters on standby.

ABERDEEN

Aberdeen has a Dennis medium pumper fire appliance which is housed in a garage. There is only one Firefighter stationed at Aberdeen, but assisted by 3 employees. Any support fire appliances or firefighters during an above normal incident need to be deployed from Graaff-Reinet.

STEYTLERVILLE

Steytlerville has no fire station. However, the fire water trailer unit located to the area is housed within an electrical services garage. There is one Fire Station Officer stationed at Steytlerville.

NIEU-BETHESDA

Nieu-Bethesda has no fire station. However, a Ford F250 4x4 light fire pumper has been allocated to the area and housed within a garage. Municipal employees are manned the appliances.

JANSENVILLE

Jansenville has no fire station. However, they share a multi-purpose garage with Engineering and Planning Services. A medium pumper Hino 500 with rescue equipment has been allocated to the area.

The fire and rescue service is rendered from 07:30 to 16:30 from the mentioned building. After normal working hours including weekends and public holidays, employees are placed on standby and need to respond from home to the incident. Calls are predominantly received from SAPS Control room. There is no control centre. Calls are received via cell phones issued to the officer and firefighters on standby.

FINANCIAL PERFORMANCE 2018/19: FIRE SERVICES

Although Dr Beyers Naudé Local Municipality has signed a service level agreement with Sarah Baartman District Municipality, we also realised that additional funds should be allocated for appointing of additional personnel.

Dr Beyers Naudé Local Municipality has a fire service tariff structure in place to subsidize our operational costs.

Although we are receiving a grant on a yearly basis from Sarah Baartman District Municipality, the funding is not enough to be able to render a 24/7 fire service.

Financial Performance Year 0: Fire Services					
Details	R'000				
	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3396	2086	1905	5132	169%
Expenditure:					
Employees	9100	3007	6683	10868	63%
Repairs and Maintenance	113	568	468	221	-53%
Other	2767	315	96	1394	1352%
Total Operational Expenditure	11980	3890	7247	12483	72%
Net Operational Expenditure	8584	1804	5342	7351	38%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.21.5

EMPLOYEES: FIRE SERVICES

A Performance Fire Service level agreement was developed and signed with Sarah Baartman District Municipality.

Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy		0	0	1	0%
Other Fire Officers		2	2	1	0%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	10	2	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	0	0	12	4	0%
					T 3.21.4

CAPITAL EXPENDITURE 2018/19: FIRE SERVICES

We are trying to meet the requirements as set out in SANS 10090:2003 with the financial support that we receive every book year.

This funding is basically used to meet the fire pumpers, protective clothing and equipment standards.

Capital Expenditure Year 0: Fire Services						R' 000
Capital Projects	Year 0					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	0	195	2794	1333%		
Project A	0	195	2794	1333%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.21.6

COMMENTS ON THE PERFORMANCE OF FIRE SERVICES OVERALL

An assessment of the fire hazards started to determine the extent of the fire services needed to provide adequate protection for our fire area with the assistance of Sarah Baartman District Municipality earlier this year.

A yearly Performance Fire Service level agreement was developed and signed between Sarah Baartman District Municipality and DBNLM and Retain firefighters were appointed in order to meet some of the operational objectives according to SANS 10090:2003.

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING & CONTROL, PUBLIC NUISANCES, ETC.)

INTRODUCTION

In terms of Chapter 5 of the Disaster Management Act, 57 of 2002, Dr Beyers Naudé Local Municipality has participated in the establishment and implementation of a framework for disaster management. This framework was to ensure that DBNLM have an integrated and uniform approach towards disaster management, in line with the integrated development plan. SBDM appointed a service provider which assisted all the different LM during May 2016 which held various consultative workshops within our area to determine a risk assessment. The assessment is finally completed but the document must still be discussed.

SERVICE STATISTICS

Dr Beyers Naudé Local Municipality was faced with drought. A declaration was issued that declared the Municipality as a disaster area. The Nqweba dam is empty and water carting was taking place.

No additional Law Enforcement Officers were appointed to ensure that our by-laws will be enforce and we are still awaiting the finalisation of placement. Awareness campaigns were done at schools in respect of littering.

POLICY OBJECTIVES TAKEN FROM THE IDP

No Disaster Management Plan was approved by Council during the financial year that is based on the amalgamation of the three LM's who had their own individual Disaster Management Plans. The Municipality had a meeting with the Sarah Baartman District Municipality to discuss the development of Disaster Management Plan.

Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
<i>To reduce and mitigate the impact of disasters and community safety with regular maintenance on infrastructure as an ongoing concern.</i>									
T 3.22.3									

EMPLOYEES

Dr Beyers Naudé Local Municipality does not have a staff component dealing with disaster management. We utilize the Satellite Officer appointed by Sarah Baartman District Municipality for our region to assist with awareness campaigns, training of volunteers and reviewing of our Disaster Management Plan.

However, provision has been made on the organogram for a Disaster Management Officer.

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc						
Job Level	Year -1		Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0%	
4 - 6	0	0	0	0	0%	
7 - 9	0	0	0	0	0%	
10 - 12	0	0	0	0	0%	
13 - 15	0	0	0	6	0%	
16 - 18	0	0	0	0	0%	
19 - 20	0	0	0	0	0%	
Total	0	0	0	0	0%	
T 3.22.4						

FINANCIAL PERFORMANCE 2018/19

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0
Expenditure:	0	0	0	0	0%
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
T 3.22.5					

CAPITAL EXPENDITURE 2018/19

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
					T 3.22.6

COMMENTS ON THE PERFORMANCE OF PROTECTION SERVICES OVERALL

This municipality does not have an approved operating nor a capital budget for disaster management functions. We depend on financial assistance from the District and Province when local disasters occur in our area. Earlier this year a national state of disaster was promulgated and Council received an amount of R468 000 which was utilised to upgrade the bore holes within Willowmore area.

COMPONENT H: SPORT AND RECREATION

INTRODUCTION

The municipality offers a number of facilities and caters for virtually all the sporting codes, i.e. Soccer, Rugby, Netball, Cricket, Tennis, Athletics, etc. There are caravan parks in most towns; as well as established hiking trails and picnic spots. The municipality also have a few Recreation Hubs, namely; Rietbron, Aberdeen and Klipplaat.

The Local Sports Council was elected on 19 May 2017 and has representatives in the entire Dr Beyers Naudé Local Municipality. During this quarter the LSC were very active and conducts regular meetings and interactions with the SPU Officer and others. They will be having their first Annual Mayoral Tournament in April 2018. They are determined to turn things around in the Dr Beyers Naudé Local Municipal area.

During 2018/2019 ward base Sport Forums has been elected due to the vastness of the Municipality. This forum will assist the Local Sports Council and Special Programmes Unit in identify the needs and possibilities within the respective towns.

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

Financial Performance 2018/19: Sport and Recreation

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	73	2498	12	74	517%

Expenditure:						
Employees	12399	12635	13923	13518	-3%	
Repairs and Maintenance	724	1249	1249	474	-62%	
Other	1806	2500	1509	2310	53%	
Total Operational Expenditure	14929	16384	16681	16302	-2%	
Net Operational Expenditure	14856	13886	16669	16228	-3%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.23.4	

Capital Expenditure 2018/19: Sport and Recreation

Capital Expenditure Year 0: Sport and Recreation						R' 000
Capital Projects	Year 0					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	2486	4972	4322	-13%		
Project A	0	1915	910	-52%	280	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.23.5	

COMMENTS ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL

Most of the sport facilities require upgrading or refurbishment. Vandalism of facilities is a huge concern and the Municipality is not in position to repair vandalized facilities regularly as it has huge budget implications. Some facilities are non-functional; others are undergoing extensive repairs and upgrading.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION

Dr Beyers Naudé Local Municipality is a Category B Municipality with a collective executive system combined with a Ward Participatory System. The Council consists of 27 Councillors.

The Council has a Mayor and a Speaker. The Mayor is the Chairperson of the executive committee and the Speaker presides over Council Meetings. Council has four (4) Portfolio Committees namely:

- Engineering and planning
- Corporate Services
- Budget and Treasury
- Community Services

Other Oversight Committees include are:

- Audit Committee and;
- Municipal Public Accounts Committee

3.24 EXECUTIVE AND COUNCIL

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12021	14940	12755	12022	-6%
Expenditure:					
Employees	9845	4271	12640	14724	16%
Repairs and Maintenance	49	21	21	1	-95%
Other	25976	16788	13789	15956	16%
Total Operational Expenditure	35870	21080	26450	30681	16%
Net Operational Expenditure	23849	6140	13695	18659	36%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.24.5

3.25 FINANCIAL SERVICES

INTRODUCTION

Financial services took steps to achieve the goals/objectives of capacity building in Budget and treasury Office to improve the municipal audit outcome and establish supply chain management unit.

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	135475	61879	60503	135780	124%
Expenditure:					
Employees	20914	20722	20025	21176	6%
Repairs and Maintenance	1012	21412	21412	1639	-92%
Other	38801	14428	1590	55732	3405%
Total Operational Expenditure	60727	56562	43027	78547	83%
Net Operational Expenditure	-74748	-5317	-17476	-57233	227%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

Capital Expenditure 2018/19: Financial Services

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9	6440	264	-96%	
Project A	9	6440	264	-96%	280
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.6

COMMENTS ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

For financial services, the project outlined represent fairly the capital expenditure needs of the department, however due to inadequate implementation of the capital budget particularly on office furniture, there were large variances.

3.26 HUMAN RESOURCE SERVICES

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Financial Performance Year 0: Human Resource Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	431	431	0	-100%
Expenditure:					
Employees					0%
Repairs and Maintenance					0%
Other	123	442	527	337	-36%
Total Operational Expenditure	123	442	527	337	-36%
Net Operational Expenditure	123	11	96	337	251%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.26.5

3.27 INFORMATION & COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION

Appreciation goes to all Dr Beyers Naudé Local Municipal Staff for having patience with the ICT Unit. The municipality's network and user database continue to increase and currently stand at 280 Computers and 12 Servers. This year, with all the unknown procedures, staff and applications was a learning curve for the ICT Unit and it can only get better as time goes on. ICT is hard at work with the amalgamation process and the establishment of the new municipality.

It cannot confidently be said that Dr Beyers Naudé Local Municipality is no longer a high risk pertaining our data and security. The Municipality will always strive to keep its network up to date with the latest trends that technology has to offer. ICT has been restructuring many, if not all, things like: over complicated networks, unstable (outdated) servers, open WIFI in buildings that have had the same password for the past 10 years, changing of passwords of all administrative devices, servers, antennas, WIFI and computers to avoid any unauthorized access to our network and confidential data.

The municipality has been applauded by suppliers and contractors in the ICT field for the progress it has made so far, and we are told that our IT Infrastructure is way ahead of most if not all surrounding municipalities in the region.

SERVICE STATISTICS FOR ICT SERVICES

BNLM Internet

I am glad to say that we have went form 10mbpsADSL internet to a very stable 25mbps up and download speed metro fibre internet connection for the Graaff-Reinet area as the infrastructure allows it here. The tender process for the new phones and network will then in turn allow us to share this 25mbps fibre connection with the other municipal towns, with the option to upgrade the fibre to 100mbps if needed.

The fibre allows us to make use of cloud-based solutions, that we could not do in the past as the internet was too slow for that and applications could not run sufficiently.

Hosted Exchange (BNLM Emails)

As mentioned above we now make use of cloud-based solutions. Emails is our 1st application we moved to the cloud due to us having all these different towns connection to one email solution, cloud based was the only viable option that would work for us. This hosted exchange also means that as long as the employee has internet connection, he can connect to his emails without any troubles. We have been using the hosted exchange for more than a year now.

BNLM Antivirus and ICT Policies

The BNLM Antivirus has changed from Panda Endpoint Protection Plus to ESET Antivirus. We are currently having some issues regarding viruses, as we are not yet able to deploy our antivirus to all users in the new BNLM scope of computers. As soon as the network is merged, we will be able to address this issue.

New Policies and procedures have been created for the new BNLM entity and have been workshopped with management and council. We are still waiting for a resolution to be written up.

Printers

Two new high capacity printers have been added to the Head offices of BNLM, with the aim towards all bulk printing be done in a central Print room, and be collected from the Print Room by the individuals. This will save a huge sum of money for us in this area. We have added one more employee to our dept who is responsible for manning the IT.

COMPONENT K: ORGANIZATIONAL PERFORMANCE SCORECARD

ORGANIZATIONAL SCORECARD 2018/2019

The function of Performance Management within the municipality is performed in the office of the municipal manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) through the SDBIP. Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the municipality and its administration. These indicators pin point areas of focus for each financial year and are included in the IDP. Once approved the IDP is married to the budget in a document called the Service Delivery and Budget Implementation Plan (SDBIP) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then used to develop agreed performance plans for the Municipal Manager and Directors which should be evaluated quarterly.

An Annual Performance Report was developed in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular No.11. The report covers the performance information from 01 July 2018 to 30 June 2019 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2018/2019.

The format of the report reflects the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area's, which are (1) Organizational Transformation & Institutional Development; (2) Service Delivery & Infrastructure Planning; (3) Local Economic Development; (4) Financial Viability and (5) Good Governance and Public Participation. For the 2018/2019 financial year, the organizational scorecard reflects the following performance results per development priority, namely:

Development Priority	Number of KPI's	On Target	Not On Target	% Achieved
Infrastructure Development	18	13	5	72%
Community Development	6	2	4	33%
Institutional Development	20	11	9	55%
Local Economic Development	5	2	3	40%
Back to Basics: Good Governance	8	5	3	63%
Back to Basics: Sound Financial Management	11	2	9	18%

The municipality experienced various challenges during the financial year and as a result only 51% of all planned targets as per the Service Delivery and Budget Implementation Plan (SDBIP), were met. It is also clear that more attention needs to be placed on the performance of Local Economic Development, Community Development and ensuring Sound Financial Management within the municipality, many more KPI's will be added to these KPA's in the 2019/2020 financial year. The municipality needs to create an enabling environment for Economic growth, Investment attraction, Enterprise development and retention. All outstanding targets will be attended to and be reported to council.



CHAPTER 4

ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT:PART 2)



CHAPTER 4 – ORGANIZATIONAL DEVELOPMENT (PERFORMANCE REPORT PART 2)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

The aim of this document is to provide a Staff Structure in terms of reporting and remuneration levels for the municipality. The review of the organizational structure is a strategic process of monitoring sustainable service delivery. A recent audit process found lack of supervision at a municipal level. In response to the audit finding and informed by its service delivery objectives, the organizational structure is reviewed and developed.

To achieve the objectives set out in the IDP, it is vital that the capacity and transformation needs of the Municipality be clearly defined and understood.

Council approved and organizational structure in December 2018 hence placement process commenced in 2019. The placement process has been finalized and one on one sessions will commence in August 2019.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The organogram was adopted by Council on 13 December 2018, placement processes has commenced but not yet finalised.

The total number of post in Dr Beyers Naudé Municipality was 1052, of which 549 were filled. Due to the placement process not being finalised and the job evaluation process that has not commenced, it is difficult to give a ratio on level 9-12 in terms vacancy rates we can only give a figure on the current filled positions.

Vacancy Rate: 2018/2019				
	Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)%
	Municipal Manager	1	0	100
	CFO	1	0	100
	Other S57 Managers (excluding Finance Posts)	3	2	66
	Other S57 Managers (Finance Posts)	0	0	0
	Law enforcement Officers	5	3	60
	Firefighters	48	39	81.25
	Senior management levels 13-15 (excluding Finance posts)	20	9	45
	Senior management levels 13-15 (Finance posts)	5	2	40
	Highly skilled supervision levels 9-12 (excluding Finance posts)	108	0	0
	Highly skilled supervision levels 9-12 (Finance posts)	19	0	0
	Total	210	55	

Staff Turn-over

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
2018	7	4	
2019	0	7	

COMMENTS ON VACANCIES AND TURNOVER

The positions of Director Corporate Services (1 June 2018) and the Director: Engineering & Planning Services (1 June 2019) are vacant.

In line with the Municipality's Succession Planning Policy, opportunities are created for employees to advance within the ranks of the institution, through vacant posts first being advertised internally, and only if no suitable internal candidate can be found, will the post be advertised externally.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION

An organizational structure was developed and workshopped to all stakeholders and was approved by Council in December 2018.

Dr Beyers Naudé Municipality is committed to the principles of Employment Equity and has made conscious effort to appoint historically and previously disadvantaged individuals in the top four tiers of its Staff Establishment.

4.2 POLICIES

Name of Policy				Completed	Reviewed	Date adopted by council
				%	%	
1	Institutional Plan (HR Plan)			0	0	Draft
2	Employment Equity Plan			0	0	Draft
3	Workplace	Skills	Plan	100	0	30/04/2018
4	Relocation Policy			100	0	28/06/2019
5	Migration & Placement policy			100	0	29/05/2018
6	Subsistence & Travel			100	2	23/05/2017
7	Recruitment and selection			100	0	28/06/2019
8	Leave			100	0	28/06/2019
9	Skills development and training			100	0	28/06/2019
10	Overtime			100	0	28/06/2019
11	Termination of employment			0	0	No policy in place for new municipality
12	Legal	assistance	& indemnification	0	0	No policy in place for new municipality
13	Administrati on	Of	council- owned housing stock leased to employees	0	0	No policy in place for new municipality
14	Private work & declaration of interests			0	0	No policy in place for new municipality
15	Smoking control			0	0	No policy in place for new municipality
16	Alcohol and drug abuse			0	0	No policy in place for new municipality
17	Remunerati on			0	0	No policy in place for new municipality

18	Allowances		0	0	
					28/06/2019 (Acting Allowance) Cellphone Allowance – Draft
					Travell Allowance: No policy for new municipality
19	Succession planning		0	0	No policy in place for new municipality
20	Scarce skill and retention		0	0	28/06/2019
21	Employee study assistance (bursary)		0	0	No policy in place for new municipality
22	Health & safety		0	0	No policy in place for new municipality
23	Employee Wellness		0	0	Draft
24	HIV/Aids in the workplace (HR/SPU)		0	0	No policy in place for new municipality
25	Bad weather / inaccessibility		0	0	No policy in place for new municipality
26	Heat & Stress & Discomfort levels		0	0	
					No policy in place for new municipality
27	Sexual Harassment		0	0	Draft
28	Organisational rights & LLF		100	0	ORA & LLF in place
29	Code of Conduct (Sec.69 of MSA)		100	0	In place, applied
30	Grievance & Disciplinary procedures		100	0	SALGBC procedures in place
31	Customer care policy		0	0	Draft
32	Communication and public participation strategy (incl. stakeholder mobilization) (Internal/External)		100	0	06/04/2017
33	Records management policy		0	0	Approved by province
34	ICT policies and procedures		0	0	Draft

COMMENTS ON WORKFORCE POLICY DEVELOPMENT

A Service Provider was appointed to develop policies for the new Municipality

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and cost of Injuries on Duty (IOD)

Type of injury	Injury leave time taken (days)	Employees using injury leave (no.)	Proportion employees using sick leave %	Average injury leave per employee	Total estimated cost
Required basic medical attention only	79	9	7	9	53480.62
Temporary total Disablement	0		0	0 0	0
Permanent disablement	0		0	0 0	0
Fatal			0	0 0	0
Total	79	9	7	9	53480.62

Number of days and cost of Sick Leave (excluding IOD)

Salary Band	Total sick leave (days)	Proportion of sick leave without medical certification %	Employees using sick leave (no.)	Total employees in post	Average sick leave per employee
Lower skilled (Levels TG 1-3 / PL 15-16)	946	16.6	86	172	9.09
Skilled TG4-6 / PL 14-11	359	21.72	43	70	11.97
Highly skilled supervision TG 7-12 / PL9-4	622	22.19	80	63	10.13
Senior management PL 3-1	168	12.5	15	14	8.9
MM and S57	5	0	1	05	5
Total	2100	18.76	225	357	17

COMMENT ON INJURY AND SICK LEAVE

For injuries on duty, supervisors take injured workers to HR department where necessary forms are completed and injured person is then referred to medical practitioner. The municipality does not have its own doctor and make use of local practitioners. Sick leave is monitored by municipality; and personal records maintained of the number of instances of sick leave and amount of time taken each year.

Leave policy approved by Council on 28 June 2019.

NUMBER AND PERIOD OF SUSPENSIONS

Position	Nature of Alleged Misconduct	Date Of Suspension	Details of Disciplinary Action Taken and Status of Case and Reason why	Date Finalised
Snr Income Clerk: Jansenville	Dereliction of duties/Alleged theft	06/07/2018	The employer withdrew the charges	Suspension lifted 09/10/2018

4.4 PERFORMANCE REWARDS

No performance rewards were awarded during the 2018/19 Financial Year.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

The Municipality's Workplace Skills Plan is reviewed annually; the most recent one was submitted to LGSETA along with the Municipality's annual Training Report in April 2019. 0.18% of the municipality's annual Salary Budget is applied towards implementing the WSP. Section 10 of the WSP addresses the issue of Critical and Scarce Skills, and the Municipality fully supports its staff being trained in Capacity Building and Scarce Skills.

4.5 SKILLS DEVELOPMENT AND TRAINING

Kindly refer the tables on the following pages.

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Skills Matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2019	Number of skilled employees required and actual as at 30 June 2019											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual : End of Year 1	Actual : End of Year 0	Year 0 Target	Actual End of Year 1	Actual End of Year 0	Year 0 target	Actual End of Year 1	Actual End of Year 0	Year 0 target	Actual End of Year 1	Actual End of Year 0
MM and S57	Female	1	1	1	0	0	0	0	0	0	0	1	1	0
	Male	2	1	0	1	0	0	0	0	0	0	1	0	1
Councillors senior officials and managers	Females	13	4	0	4	8	8	8	0	0	0	12	8	8
	Males	37	19	12	0	19	19	19	2	2	0	38	33	19
Technicians and associate professionals*	Female	13	0	0	0	0	0	0	0	0	0	0	0	0
	Males	16	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Females	18	1	1	0	0	0	0	0	0	0	1	1	0
	Males	11	2	1	0	0	0	0	0	0	0	2	1	0
Sub total	Females	46	0	0	0	0	0	0	0	0	0	0	0	0
	Males	67	0	0	0	0	0	0	0	0	0	0	0	0
Total		111	0	0	0	0	0	0	0	0	0	0	0	0

*Registered with professional Associate Body e.g.CA (SA)

T4.5.1

Skills Development Expenditure

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	1	17323	0	0	0	0	0	17323	0
	Male	2	17323	0	0	0	0	0	17323	0
Legislators, senior officials and managers	Female	13	17323	0	0	0	0	0	17323	0
	Male	37	17323	0	0	0	0	0	17323	0
Professionals	Female	18	17323	0	0	0	0	2880	17323	2880
	Male	11	17323	0	0	0	0	5760	17323	5760
Technicians and associate professionals	Female	13	17323	0	0	0	0	1252.17	17323	1252.17
	Male	16	17323	0	0	8640	0	0	17323	8640
Clerks	Female	48	17323	0	0	0	0	0	17323	0
	Male	17	17323	0	0	20910	0	0	17323	20910
Service and sales workers	Female	11	17323	0	0	0	0	0	17323	0
	Male	31	17323	34322	0	0	0	0	17323	34322
Plant and machine operators and assemblers	Female	0	17323	0	0	0	0	0	17323	0
	Male	78	17323	88420	0	0	0	0	17323	88420
Elementary occupations	Female	43	17323	0	0	0	0	0	17323	0
	Male	214	17323	149260	0	0	0	0	17323	149260
Sub total	Female	14	0	0	0	0	0	0	0	0
	Male	406	0	0	0	0	0	0	0	0
Total										
% and *R value of municipal salaries (original budget) allocated for workplace skills plan									R277162	

T4.5.3

COMMENTS ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The municipality's budget is effective for training of staff. However, the implementation of the budget is not adequately addressed, thus the need for a skills development official to identify training needs, and coordinate and assist to ensure that amounts are accurately budgeted for and utilised.

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CHAPTER 5

FINANCIAL PERFORMANCE



CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding the financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The 2018/19 financial year was a difficult year for the municipality. Dr Beyers Naude` is still struggling with debt inherited from amalgamation, old fleet and equipment that constantly need repairs and insufficient number of vehicles to ensure that excellent service delivery is done.

With the assistance of committed staff the debt collection rate has increased from 102.30% to 114.40%. Cost containment measures were approved and implemented to help with the inflationary pressure and the Financial Recovery Plan was revised.

Cost containment measures included reducing overtime, printing costs and reducing travelling outside of the boundaries of the municipality. These measures include written the instructions issued by the Accounting Officer, through a series of circulars, providing specific guidance on treatment of certain aspects of expenditure.

The municipality was faced with equalising salaries of the former three municipalities which placed additional burden on the cash resources of the municipality. Agreements with a number of creditors had to be entered into to assist in some relief on the cash flow.

The municipality entered into a contracts with the following consultancy services to assist in crucial functions:

- Annual Financial Statements – the cost for the financial year amounted to R 1 499 989.20

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

As can be seen the municipality traded at a deficit of R101.5 million (R45.6 mill 2017/18). The municipality is heavily reliant on Government grants and subsidies especially for infrastructure projects. The municipality does not have sufficient resources to fund capital expenditure from own revenue.

Employee cost contributes 36.6% to total expenditure. R15.089 million was spent on contracted services. Finance cost of R6.9 million was mainly due to the inability of the municipality to pay creditors within the required 30 days.

R55.5 million (67.9%) of the capital expenditure was funded through grant funding, which clearly illustrates the municipality's dependants on grant funding.

Cash equivalents at year end were R24.3 million. This clearly illustrates the municipality's difficulties with cash flow management

T 5.1.0.

EC101 Dr Beyers Naudé Local Municipality- Table A1 Budget Summary												
Description	2018/2019								2017/18			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	29 579	(3 603)	25 976	30 162		4 186	116,1%	102,0%				28 296
Service charges	148 783	17 092	165 875	149 627		(16 249)	90,2%	100,6%				138 954
Investment revenue	2 015	(1 389)	626	634		7	101,2%	31,4%				1 919
Transfers recognised - operational	97 441	3 721	101 162	120 904		19 742	119,5%	124,1%				115 191
Other own revenue	19 983	(4 203)	15 780	13 453		(2 326)	85,3%	67,3%				15 463
Total Revenue (excluding capital transfers and contributions)	297 802	11 618	309 420	314 780		5 360	101,7%	105,7%				299 823
Employee costs	136 618	17 346	153 964	159 348	5 384	5 384	103,5%	116,6%				138 159
Remuneration of councillors	9 884	(671)	9 212	9 370	157	157	101,7%	94,8%				9 324
Debt impairment	3 500	2 063	5 563	37 495	31 932	31 932	674,0%	1071,3%				10 077
Depreciation & asset impairment	35 453	30 396	65 849	55 907	(9 941)	(9 941)	84,9%	157,7%				62 956
Finance charges	5 576	(2 788)	2 788	7 011	4 223	4 223	251,5%	125,7%				7 238
Materials and bulk purchases	82 368	-	82 368	89 282	6 914	6 914	108,4%	108,4%				81 208
Transfers and grants	239	(37)	203	22	(181)	(181)	10,8%	9,1%				-
Other expenditure	92 414	(31 049)	61 365	86 490	25 124	25 124	140,9%	93,6%				92 699
Total Expenditure	366 051	15 261	381 312	444 925	63 613	63 613	116,7%	121,5%				401 661
Surplus/(Deficit)	(68 249)	26 879	(71 892)	(130 144)		(58 252)	181,0%	190,7%				(101 838)
Transfers recognised - capital	44 517	(19 819)	64 336	25 800		(38 536)	40,1%	58,0%				54 996

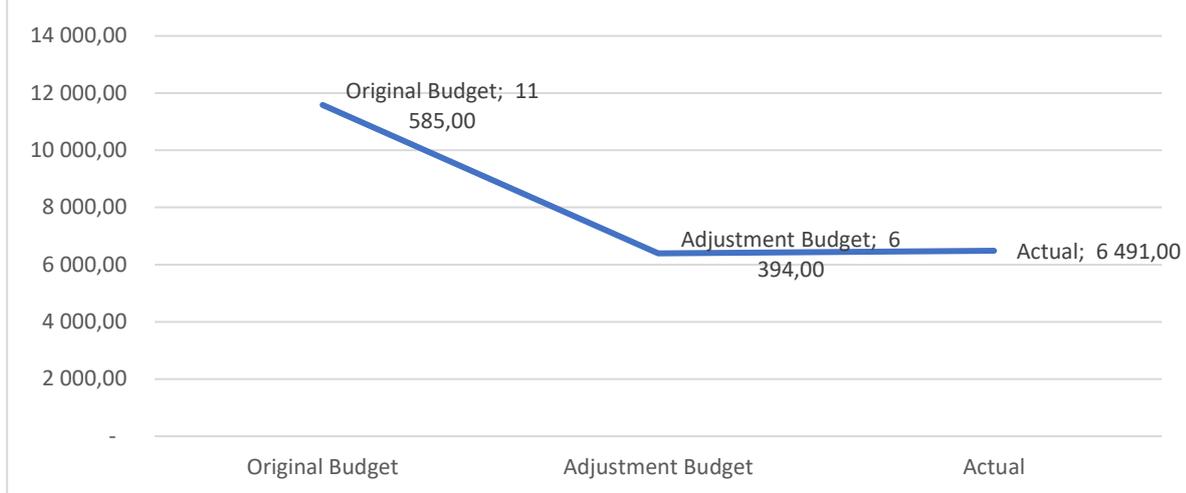
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(23 732)	7 059	(7 556)	(104 344)	(96 788)	1381,0%	439,7%				(46 842)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-				-
Surplus/(Deficit) for the year	(23 732)	7 059	(7 556)	(104 344)	(96 788)	1381,0%	439,7%				(46 842)
Capital expenditure & funds sources											
Capital expenditure											
Transfers recognised - capital	43 562	(16 458)	60 020	34 121	(25 899)	56,8%	78,3%				41 716
Public contributions & donations	-	-	-	-	-	-	-				-
Borrowing	1 321	-	1 321	-	(1 321)	-	-				-
Internally generated funds	-	-	-	-	-	-	-				666
Total sources of capital funds	44 884	(16 458)	61 341	34 121	(27 220)	55,6%	76,0%				42 382
Cash flows											
Net cash from (used) operating	27 774	(16 854)	44 628	36 500	(8 128)	81,8%	131,4%				-
Net cash from (used) investing	(31 817)	15 798	(47 615)	(34 215)	13 400	71,9%	107,5%				-
Net cash from (used) financing	5 864	-	5 864	22 028	16 164	375,6%	375,6%				-
Cash/cash equivalents at the year end	1 822	(1 055)	2 877	24 313	21 436	845,1%	1334,7%				-

Repair and Maintenance Expenditure: 2018/19

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	11585	6394	6549	2%
				T 5.3.4

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Repairs and Maintenance Expenditure



5.2 GRANTS

Operational Transfers and Grants	Year 1 (2017/18)	Year 0 (2018/19)				
	Actual	Budget	Adjustments Budget	Actual	Variance Original Budget %	Variance Adjustment Budget %
National Government	126,240	93,758	91,395	93,760	0.00%	-2.59%
Equitable Share	64,754	83,278	83,278	83,278.00	0.00%	0.00%
Municipal Systems Improvement Grant	-	1,055	1,000	1,057.00	-0.19%	-5.70%
Department of Water Affairs	-	-	-	-	#DIV/0!	#DIV/0!
Lewy Replacement	-	-	-	-	#DIV/0!	#DIV/0!
Other Transfer Grants	61,486	9,425	7,117.00	9,425.00	0.00%	-32.43%
Provincial Government	6,555	11,420	5,600	9,742	14.69%	-73.96%
Health Subsidy	0	0	0	1,280	#DIV/0!	#DIV/0!
Housing	0	0	0	0	#DIV/0!	#DIV/0!
Ambulance Subsidy	0	0	0	0	#DIV/0!	#DIV/0!
Sports Recreation	0	0	0	0	#DIV/0!	#DIV/0!
Other Transfers Grants	6,555	11,420	5,600	8,462.00	25.90%	-51.11%
District Municipality	1,626	3,082	4,113	2,882	6.49%	29.93%
Fire Grant	1,426	2,882	1,369	2,882	0.00%	-110.52%
LED	200	200	0	0	100.00%	#DIV/0!
Other Grants Providers	-	0	2,447	0	#DIV/0!	100.00%
SETA	-	0	297	0	#DIV/0!	100.00%
Total Operating Transfers and Grants	134,421	108,260	101,108	106,384	1.73%	-5.22%

COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality received a Finance Management Grant to the value of R6.08 million which is mainly used for the appointment of financial interns and skills development of finance staff, including the minimum competency training. The grant was also used to procure the teammate software used by internal audit unit to improve the quality assurance of internal controls that would ultimately assist in the preparation of Annual Financial Statements.

Finance Management support grant to the value of R1.08 million was received from COGTA and was used to address audit findings of the previous financial year.

The municipality also received R3.7 million from COGTA to assist with Eskom payments.

The municipality also received the full Fire Grant from the District Municipality.

All grants were used in terms of approved business plans and were fully spent at financial year end, except for the SETA grant.

5.3 ASSET MANAGEMENT

INTRODUCTION

The objective of asset management per the Asset Management Policy is to ensure effective and efficient control over the municipality's assets by or through:

- The proper recording of assets from the date of authorisation, acquisition and to subsequent disposal.
- Providing for safeguarding procedures
- Setting proper guidelines regarding permissible utilisation; and
- Prescribing requirements for the proper maintenance of assets.

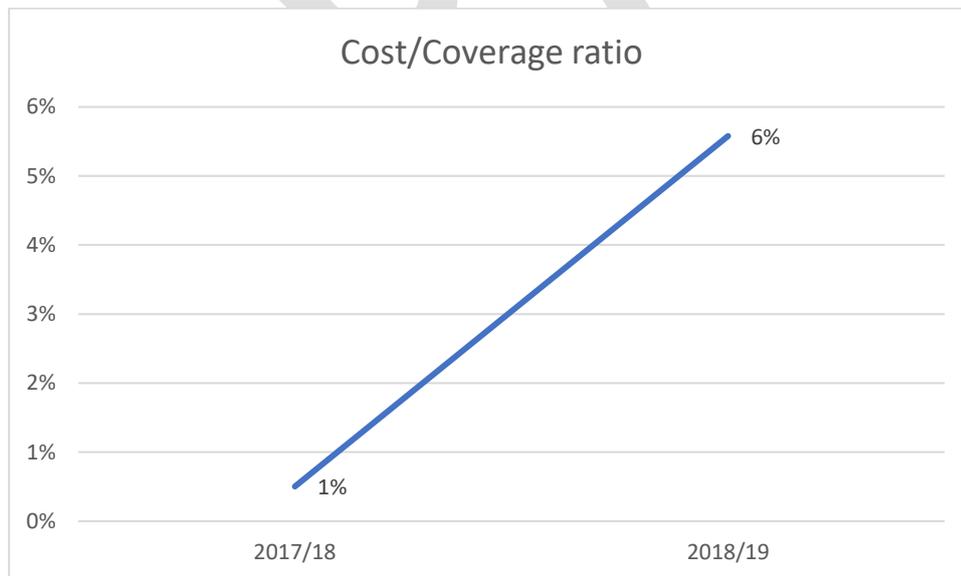
This policy must comply with all relevant legislative requirement, including:

- The Constitution of the Republic of South Africa, 1996;
- Municipal Structure Act 1998;
- Municipal Systems Act, 2000;
- Division of Revenue Act (enacted annually);
- Municipal Finance Management Act No 56 of 2003; and
- National Treasury Regulations

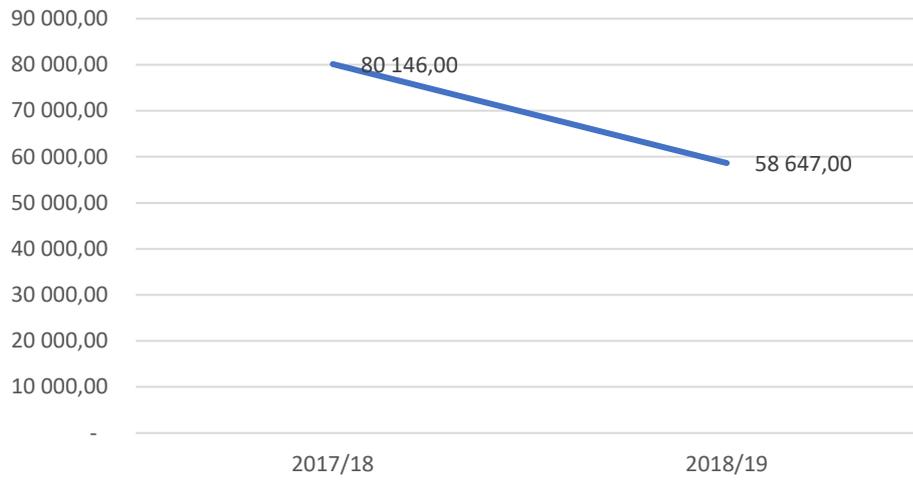
The vastness of the municipal area makes asset management extremely difficult. The Asset Management unit is currently occupied by a limited staff of only 3 that must ensure control over the asset register.

The municipality is currently struggling financially and the maintenance of assets is becoming more and more difficult. The municipality is currently only spending 2% on repairs and maintenance.

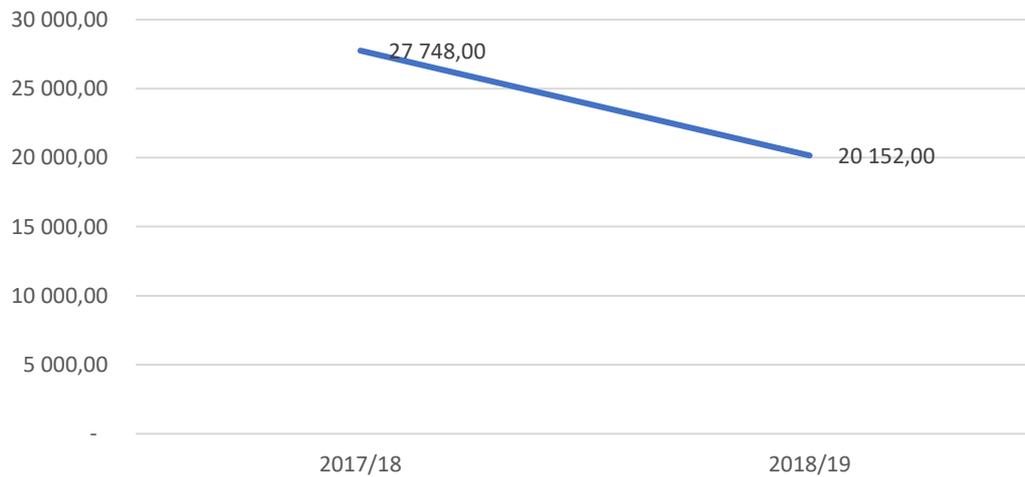
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



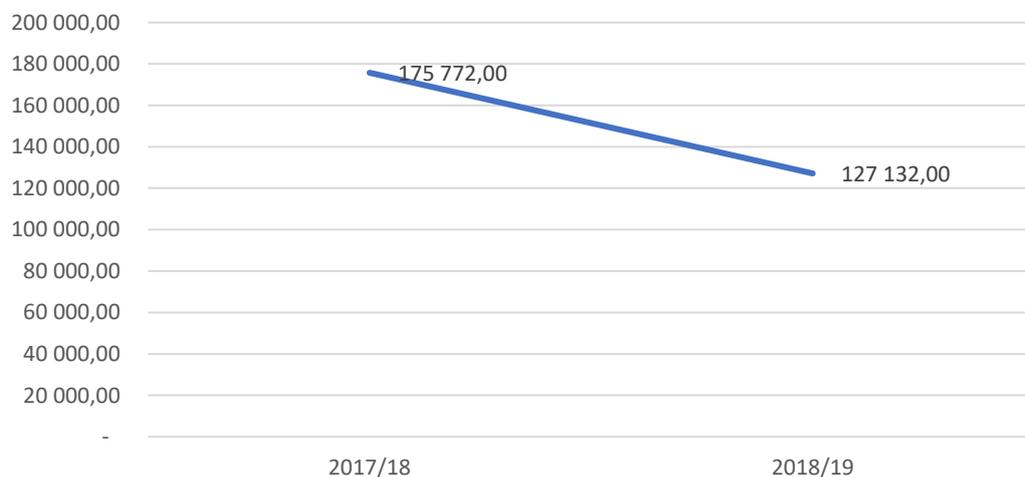
Total Outstanding Service Debtors



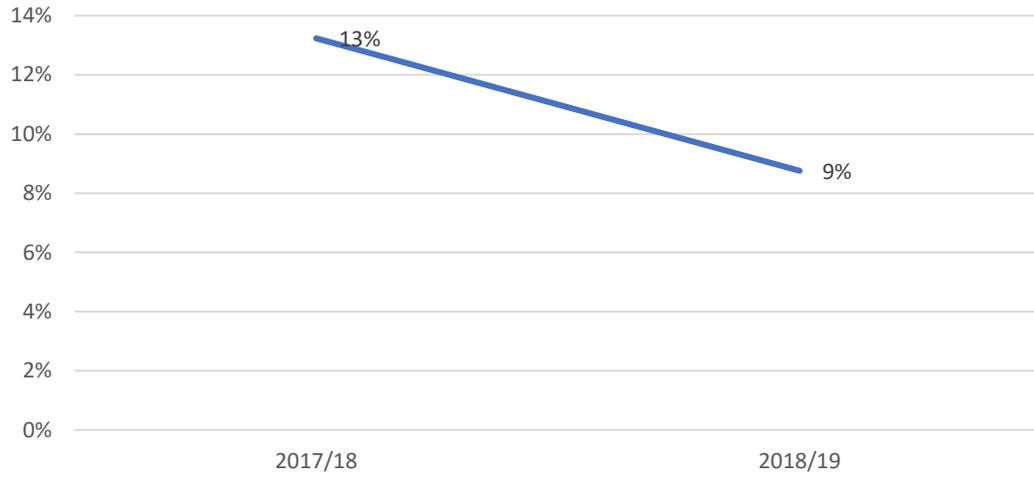
Net Debtors (R'000')



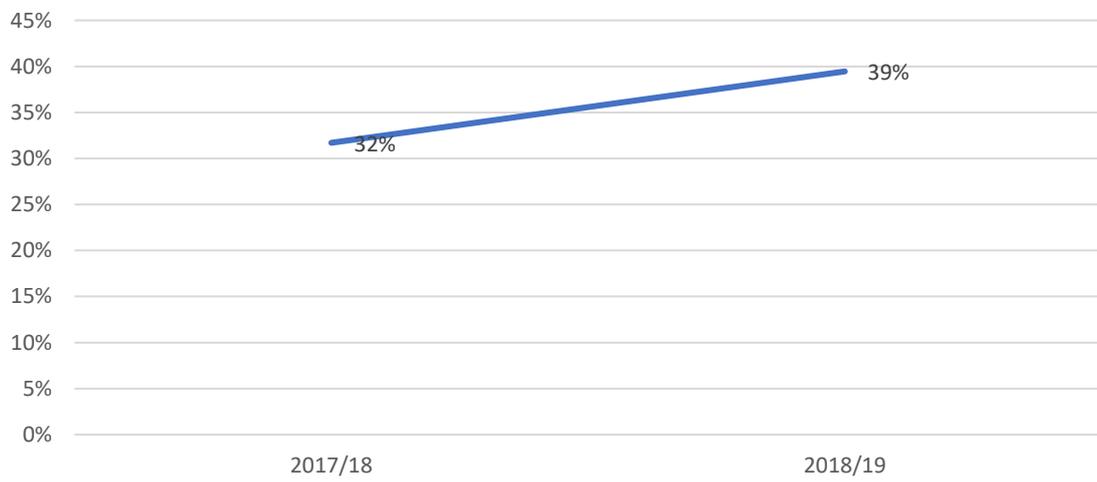
Creditors System (R'000')



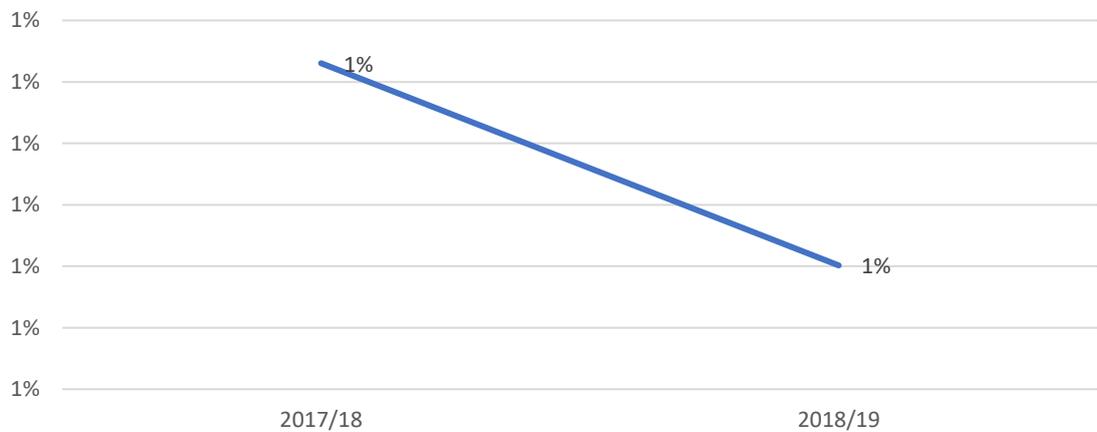
Capital Expenditure to Total Expenditure



Employee Costs



Total Repairs & Maintenance/ PPE & Investment Property Expenditure (CV) x100



COMMENTS ON FINANCIAL RATIO'S

As can be seen from the above ratio's the municipality is struggling financially. Employee cost have increased from 32% to 39% which could be contributed to the equalisation process that had to be undertaken, ensuring that all staff members performing the same duties are equally remunerated. There were significant differences between the former municipalities prior to amalgamation.

The municipality is currently only spending 2% on repairs and maintenance which contributes to the poor quality of the fleet and equipment as well as infrastructure. Repairs and maintenance should in future be prioritised.

Capital expenditure to operating expenditure has decreased due to conditional grants, such as Regional Bulk Infrastructure Grant (RBIG), being less than the previous financial year and the municipality cannot fund capital expenditure from own finances.

It takes on average 50 days for debtors to pay their municipal accounts. This contributes to the severe cash flow constraints experienced.

Creditors cannot be paid within the required 30 days.

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Capital Expenditure - Funding Source Year -1 to Year 0						
	Year-1			Year 0		
Details	Actual	Original Budget	Adjustment Budget	Actual	Adjustment to Original Budget (%)	Actual to Original Budget (%)
Source of Finance						
External Loans	0	0	0	0	0	0
Public Contributions and Donations	0	0	0	0	0	0
Grants and Subsidies	54,996	44,817	64,336	42,124	65%	94%
Other	0	0	0	0	0	0
Total	54,996.00	44,817.00	64,336.00	42,124.00	65%	94%

Percentage of Finance

External Loans	0%	0%	0%	0%	0%	0%
Public Contributions and Donations	0%	0%	0%	0%	0%	0%
Grants and Subsidies	100%	100%	100%	100%	100%	100%
Other	0%	0%	0%	0%	0%	0%

Capital Expenditure

Water & Sanitation	-	-	-	25,747	0%	0%
Electricity	4,800.00			4,500	0%	0%
Housing	0	0	0	-	0%	0%
Roads & Storm Water	50,196.00	44,817.00	64,366.00	5,825	9%	13%
Other	0	0	0	6,052	0%	0%
Total	54,996	44,817	64,366	42,124	65%	94%

Water & Sanitation	0%	0%	0%	61%	#DIV/0!	#DIV/0!
Electricity	9%	0%	0%	11%	0%	0%
Housing	0%	0%	0%	0%	0%	0%
Roads & Storm Water	91%	100%	100%	14%	14%	14%
Other	0%	0%	0%	14%	0%	0%

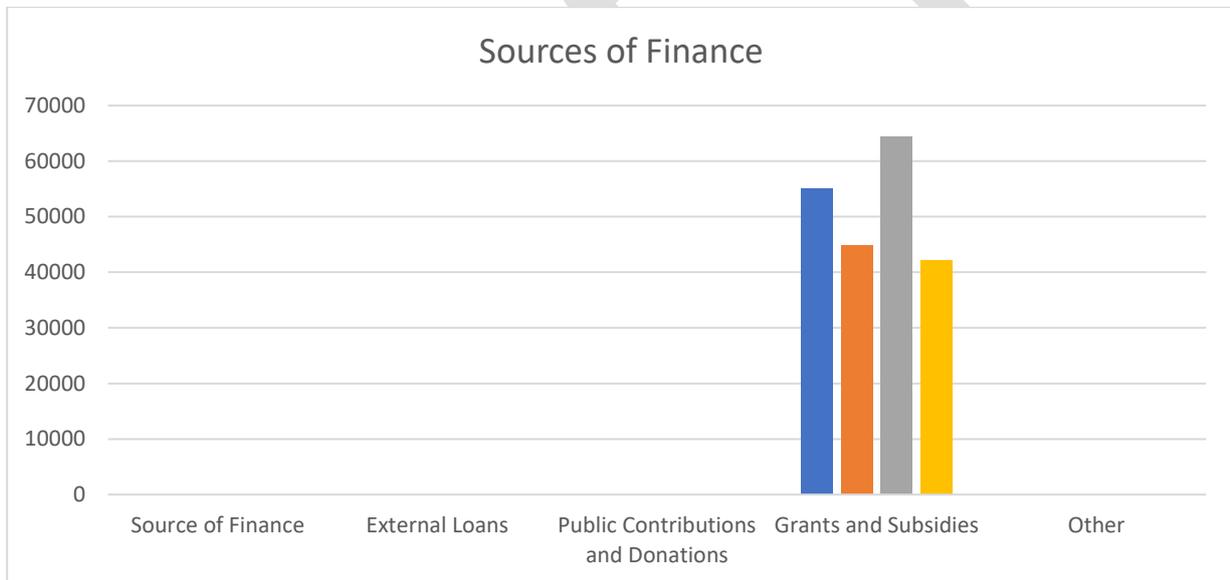
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and surpluses. Component B deals with capital spending indicating where the funding comes from and whether the Municipality is able to spend the available funding as planned.

5.5 CAPITAL EXPENDITURE

5.6 SOURCES OF FINANCE



COMMENT ON SOURCES OF FUNDING:

The above graph and table indicate the extent of the grant dependency for capital projects. 99% of all capital projects are funded by grants

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

SEE SDBIP OF 2018/19 ATTACHED

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

CATEGORY	BACKLOG
ROADS	328,92
SPORTS FIELDS	12
COMMUNITY HALLS	20
SANITATION	1020
WATER	1870

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is the most important aspect of every business. A healthy cash flow ensures that the municipality can pay salaries on time and have funds for growth and expansion of service delivery. Resources are also available for paying creditors on time. A regular analysis of the municipality's finances ensures that management can project the future cash flow with accuracy and take necessary action.

The amalgamation continues to put constraints on the cash flow as creditors inherited from amalgamation needs to be paid. The additional employee cost is another factor which contributes to the cash flow constraints. The vastness of the area requires a lot of travelling and associated cost. Staff regularly needs to travel between the towns to perform their functions.

Old fleet and equipment places strain on financial resources with continuous maintenance that is required.

Cash Flow Outcomes				
R'000'				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash Flow from Operating Activities				
Receipts	297,300			318,077
Ratepayers and Other	143,364			138,807
Government - Operating	132,162			162,649
Other receipts	10,305			10,571
Interest	11,469			6,050
Dividends	-			0
Payments				
Suppliers and Employees	(261,845.00)			(274,589)
Finance Charges	(7,238)			(6,988.00)
Transfers and Grants	-			0

	(269,083)			(281,577)
NETCASH FROM (USED) OPERATING ACTIVITIES	28,217	27,774	44,628	36,500
CASHFLOWS FROM INVESTING ACTIVITIES				
Receipts				
proceeds on disposal	10			0
decrease (increase) in non-current debtors	-			0
decrease (increase) in other non-current debtors	-			0
decrease (increase) in non-current investments	-			0
Payments				
capital assets	(53,459)			(34,215.00)
NET CASHFLOWS FROM INVESTING ACTIVITIES	(53,449)	-	-	(34,215.00)
CASHFLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-			20,000
borrowing longterm/financing	-			
increase (decrease) in consumer deposits	-			
Payments				
Repayments of borrowing	(195)			-
NET CASH FROM (USED) FINANCING ACTIVITIES	(195)	-	-	20,000
NET INCREASE/(DECREASE) IN CASH HELD				
Cash/cash equivalents at the year begin	27,455			2,028
cash/cash equivalents at the year end	2,028	27,774	44,628	24,313

COMMENT ON CASH FLOW OUTCOMES:

As can be seen the available cash at year end has significantly decreased from the previous financial year – indicating the extreme situation the municipality finds itself in.

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Dr Beyers Naudé does not have any borrowings. Investments are normally short term investments for grant funds received.

Due to disclaimer audit outcomes the municipality is struggling to obtain any loans from commercial banks. Long term loans can only be used to procure capital items to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution.

Municipal and Entity Investments				
Investment* type	Year -2	Year -1	Year 0	R' 000
	Actual	Actual	Actual	
<u>Municipality</u>				
Securities - National Government				
Listed Corporate Bonds				
Deposits - Bank	N/A	2	24	
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers Acceptance Certificates				
Negotiable Certificates of Deposit - Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements - Banks				
Municipal Bonds				
Other				
Municipality sub-total	0	2	24	
<u>Municipal Entities</u>				
Securities - National Government				
Listed Corporate Bonds				
Deposits - Bank				
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers Acceptance Certificates				
Negotiable Certificates of Deposit - Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements - Banks				
Other				
Entities sub-total	0	0	0	
Consolidated total:	0	2	24	
			T 5.10.4	

5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality does not have any public private partnerships.

5.12 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management seeks to ensure the proper flow of goods and services between the supplier and the municipality in the right quality and quantity whilst advancing the goals of the IDP, ensuring value for money, expeditious and appropriate service delivery. As a financial management tool, it seeks to reform and regulate the manner in which public funds are utilized when procuring goods and services, whilst in pursuit of service delivery that is responsive to the needs of the society and to curtail any administrative and fraudulent practices on the procurement front.

LEGISLATIVE REQUIREMENTS

Dr Beyers Naudé Local Municipality is committed to apply and create the prescribed legislative environment pertaining Supply Chain Management by way of:

- The constitution
- The Municipal Finance Management Act
- Regulations in terms of section 168 of the Municipal Finance Management Act
- Local Government: Municipal Systems Act
- The Preferential Procurement Policy Framework Act (PPPFA)
- The Prevention and Combating of Corrupt Activities Act
- The Construction Industry Development Board (CIDB) Act
- Other applicable by-laws, ordinance and legislation

POLICY CHANGES/AMENDMENTS 2018/19 FINANCIAL YEAR

The Dr Beyers Naudé Municipality's Supply Chain Management Policy was reviewed and approved in July 2018.

FUTURE DEVELOPMENTS

The organisational structure of the supply chain unit will be reviewed in the next financial year to ensure better service delivery and distribution of functions. The new organogram will ensure that all towns are serviced by supply chain management officials located in the relevant towns.

MFMP COMPETENCY LEVELS

The Manager SCM, Chief Clerk SCM and the Senior Clerk SCM have all met the minimum competency levels as prescribed by the National Treasury Regulations for Supply Chain Management officials.

SUPPLY CHAIN MANAGEMENT PROCUREMENT PLAN 2018/19

The procurement plan is derived from the Municipal Service Delivery Budget Implementation Plan (SDBIP) which in turn directly relates to the municipal Integrated Development Plan (IDP).

The plan indicates quarterly targets that must be met by each department with regards to the procurement of goods and services. The report must be analysed in conjunction with the SDBIP.

CHALLENGES FACED DURING THE YEAR

- Time frames in which tenders are awarded due to committee members not always available for meetings
- Local Supplier not registered on CSD
- Increased compliance requirements.
- Slow progress on procurement plans leads to delay in projects
- Placement of staff not finalized yet

MAIN AUDIT FINDINGS DURING 2018/19

- Non-declaration of interest from suppliers
- Non-declaration of interest from bid committee members, snr management and SCM officials
- Procurement without the required number of quotes
- Bid Adjudicated committee not composed in accordance with regulations
- Tax matters of suppliers not in order

5.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

Dr Beyers Naudé is currently fully GRAP compliant and did not deviate from GRAP standards currently applicable.

5.14 MSCOA IMPLEMENTATION

MSCOA regulations became effective during 2014. The Dr Beyers Naudé Local Municipality has converted to MSCOA and are reporting on a monthly basis. Challenges were experienced during the 2017/18 financial year with regards to the compilation of the budget. The budget model was not in operations during the year and therefore the budget had to be compiled out of the system. This created a number of misalignments with the budget schedules. It is anticipated that this problem will be resolved in the next financial year.



CHAPTER 6

AUDITOR GENERAL – AUDIT FINDINGS



CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS

6.1 AUDITOR-GENERAL REPORTS YEAR-1 (PREVIOUS YEAR)

INTRODUCTION

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

The Annual Financial Statements for 2018/19 is set out in Volume II. The audit on these financial statements were concluded during December 2019. The Audit report is included as annexure 3 in volume 2.

See annexure in excel document – table 6.1.1 & 6.1.2

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GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

GLOSSARY

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Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
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APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage	
				Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Deon de Vos	FT	Chair of EXCO Chair of IDP Rep Forum and political champion of the IDP	Mayor	87,50%	12,50%
Cllr Willem Säfers	PT	MPAC Chairperson	Ward 1 Councillor	87,50%	100% 12,50%
Cllr Linda Botha (until March 2019)	PT		Ward 2 Councillor	87, 50%	12, 50%
Cllr Ricardo Smith (from April 2019)	PT		Ward Councillor	100%	0%
Cllr Katie Hoffman	PT		Ward 3 Councillor	100%	0%
Cllr Xolile Galada	PT		Ward 4 Councillor	87,50%	12, 50%
Cllr Glenda Makelina	PT		Ward 5 Councillor	87, 50%	12,50%
Cllr Thembile Tshona	PT		Ward 6 Councillor	100%	0%
Cllr Rudy Jacobs	PT		Ward 7 Councillor	87,50%	12,50%
Cllr Ewald Look	PT	Portfolio Head of Budget & Treasury Committee	Ward 8 Councillor	100%	0%
Cllr Piet Bees	PT		Ward 9 Councillor	100%	0%
Cllr Louis Langeveldt	PT		Ward 10 Councillor	100%	0%
Cllr Abraham Arries	PT		Ward 11 Councillor	100%	0%

Cllr Danie Bezuidenhout	PT		Ward 12 Councillor	100%		0%
Cllr Errol Rossouw	PT		Ward 13 Councillor	100%		0%
Cllr Joy Williams	PT		Ward 14 Councillor	100%		0%
Cllr Thembisa Nonnies	FT	Chairperson of Council	Speaker & PR Councillor	100%		0%
Cllr Pieter (Penn) Koeberg	PT	Portfolio Head on Engineering & Planning Committee	PR Councillor	100%		0%
Cllr Angeline Booysen	PT		PR Councillor	100%		0%
Cllr Notizi Vanda	PT	Portfolio Head on Community Services Committee	PR Councillor	100%		0%
Cllr Asanda Mboneni	PT		PR Councillor	87,50%		12,50%
Cllr Samantha Jankovich (until March 2019)	PT	Portfolio Head on Corporate Services Committee	PR Councillor	100%		0%
Cllr E.A. Ruiters	PT		PR Councillor	87,50%		12,50%
Cllr W.Z. Le Grange	PT		PR Councillor	100%		0%
Cllr B.W. Seekoei	PT		PR Councillor	100%		0%
Cllr E.A Carolus	PT		PR Councillor	100%		0%
Cllr D. Williams	PT		PR Councillor	100%		0%
Cllr H. Booysen	PT		PR Councillor	87,50		12,50%
Vacancy			PR Councillor			

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Municipal Committees	Purpose of Committee
Local Labour Forum	Discussing labour related issues
Training & Occupational Health & Safety Committee	Discussing training of employee and employer and occupational health and safety issues
Housing & Encroachment Committee	Discussing housing related issues
MPAC Committee & Oversight Committee	The committee plays an oversight role over operations of the Municipality
Disaster Management Committee	Discussing all issues relating to disaster
IGR Meeting Committee	Discussing Inter Governmental issues relating to all stakeholders or state departments
Disability Forum	Discussing Special Programmes pertaining to disabled people
Youth Forum	Discussing Special Programmes pertaining to youth of Dr Beyers Naudé Local Municipality
	Discussing Special Programmes pertaining to sport codes of Dr Beyers Naudé Local Municipality
Sports Council	
LED Committee	Discussing social and economic development issues
Audit Committee	Discussing audit related issues
Commonage Committee	Discussing all municipal commonage/farming land issue
IDP Representative Forum	Discussing all Integrated Development related items
IDP Steering Committee	Discussing Ward-Based Planning and Integrated Development Planning
Management Committee	Discussing all issued that needs recommendation/input from management
Technical & Infrastructure Committee	Discussing all the technical and infrastructural items
Community Development & Human Resources Committee	Discussing all HR and community developmental issues
Budget & Treasury Committee	Discussing all financial related matters

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

<u>DIRECTORATE</u>	<u>DIRECTOR/MANAGER</u>
Municipal Manager	Dr E.M. Rankwana from 3 September 2017
Municipal Manager	Chief Operations Officer – Mr. H. Hendricks
Municipal Manager	Internal Executive Audit – Mr. G. Maya
Municipal Manager	IDP Manager – Ms. L. Fouché
Corporate Services	Acting Director Corporate Services 1 June 2018 to date – Ms. Z.V. Kali
Corporate Services	Acting Manager Administration – Ms. C. Cona 1 June 2018 to date
Corporate Services	Area Manager – Mrs. L. De Beer (Willowmore)
Corporate Services	Area Manager - Mr. A. Damane (Jansenville)
Corporate Services	Area Manager – Mr. C. Kombani (Aberdeen)
Corporate Services	Area Manager – Ms. N. Oliphant (Nieu-Bethesda)
Corporate Services	Manager Corporate Services – Mr. M. Martin (Steytlerville)
Corporate Services	Manager Corporate Services – Mr. X. Jack (Jansenville)
Community Services	Acting Director Community Services– Mr B. Arends (March 2018)
Community Services	Manager Protection Services - Mr. C.V. Rhooode
Community Services	Manager Community Services – Mrs C. Ngqoza
Budget & Treasury	Chief Financial Officer – Mrs H. Kok 3 September 2017
Budget & Treasury	Manager Reporting – Mr. S. Mbotya 1 April 2018
Budget and Treasury	Manager Revenue – Ms D. Sauls - January 2018
Budget & Treasury	Manager Assets & Supply Chain Management – Mr. R. Boggenpoel
Engineering & Planning Services	Director: Engineering & Planning - Mr. W.I. Berrington until 31 May 2019 – Acting Director Engineering & Planning as from 1 June 2019
Engineering & Planning Services	Asst. Director Engineering & Planning – Mr. B. Arends
Engineering & Planning Services	Manager Electrical Services – Mr. A. Van Zyl
Engineering & Planning Services	Manager PMU: EPWP/MIG – Mr. L. Mandla

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

MUNICIPAL FUNCTIONS	Function	Function
	Applicable	Applicable to
	to	Entity
	Municipality	(Yes / No)
	(Yes / No)*	
Constitution Schedule 4, Part B functions:		
Air pollution	NO	NO
Building regulations	YES	NO
Child care facilities	NO	NO
Electricity and gas reticulation	YES	NO
Fire fighting services	YES	NO
Local tourism	YES	NO
Municipal airports	YES	NO
Municipal planning	YES	NO
Municipal health services	NO	NO
Municipal public transport	NO	NO
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	NO
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	NO
Storm water management systems in built-up areas	YES	NO
Trading regulations	YES	NO

MUNICIPAL FUNCTIONS	Function	Function
Water and sanitation services limited to potable water supply systems and domestic waste- water and sewage disposal systems	YES	NO
Beaches and amusement facilities	NO	NO
Billboards and the display of advertisements in public places	YES	NO
Cemeteries, funeral parlors and crematoria	YES	NO
Cleansing	YES	NO
Control of public nuisances	YES	NO
Control of undertakings that sell liquor to the public	YES	NO
Facilities for the accommodation, care and burial of animals	YES	NO
Fencing and fences	YES	NO
Licensing of dogs	NO	NO
Licensing and control of undertakings that sell food to the public	NO	NO
Local amenities	YES	NO
Local sport facilities	YES	NO
Markets	YES	NO
Municipal abattoirs	NO	NO
Municipal parks and recreation	YES	NO
Municipal roads	YES	NO
Noise pollution	YES	NO
Pounds	YES	NO
Public places	YES	NO
Refuse removal, refuse dumps and solid waste disposal	YES	NO
Street trading	YES	NO
Street lighting	YES	NO
Traffic and parking	YES	NO

APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
CLr Willem Säfers	Ward 1 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Linda Botha	Ward 2 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Katie Hoffman	Ward 3 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Xolile Galada	Ward 4 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Glenda Makelina	Ward 5 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Thembile Tshona	Ward 6 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Rudy Jacobs	Ward 7 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Ewald Look	Ward 8 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Piet Bees	Ward 9 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Louis Langeveldt	Ward 10 Councillor	Not yet during 2016/17	N/A	N/A	N/A
CLr Abraham Arries	Ward 11 Councillor	Not yet during	N/A	N/A	N/A

		2016/17			
Cllr Danie Bezuidenhout	Ward 12 Councillor	Not yet during 2016/17	N/A	N/A	N/A
Cllr Errol Rossouw	Ward 13 Councillor	Not yet during 2016/17	N/A	N/A	N/A
Cllr Joy Williams	Ward 14 Councillor	Not yet during 2016/17	N/A	N/A	N/A

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APPENDIX F – WARD INFORMATION

WARD 1 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Cemeteries (Fence, fix and maintain. Attend to flood damage as indicated on map)	None.
2	Stormwater (reconstruct and address ongoing problem in front of Clinic)	None. Shared competency.
3	Sports Fields (develop, upgrade & maintain)	None.
4	Playparks (fence, repair, maintain existing; construct new as indicated on map)	Completed (DEA project), but toilets and a caretaker are required.
WARD 2 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing : NB (housing development below Pienaarsig to be expedited)	Provincial competency. Funding has been made available for further planning. Must be expedited.
2	Traffic Control : GRT (speeding & dangerous intersections)	None (most are Provincial competency).
3	MR605 : NB (last section of road up to Sam's Drift must be tarred. The bridge on bend at De Toren is deteriorating; structural safety is a concern.)	Provincial competency. Only grading of gravel surface was done; tarring of last section still to be completed. Bridge has not received any attention.
4	Waste Management : GRT (address illegal dumping on river banks and other areas)	No visible progress. Law enforcement is required.
WARD 3 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (rezoning and formal development of Riemvasmaak; electrification)	None - Provincial competency.
2	Multi-purpose Centre (Community Hall, Clinic, Library, SPU desks, Care Centre, etc)	Provincial competency. Has gone out on tender. Site was allocated by Municipality (erf 3625).
3	Streets (surfacing/paving of gravel streets that carry high traffic volumes)	None.
4	RDP Housing (fallen and rectifications in Smartie Town & Geluksdal)	Provincial competency – no progress, no budget.
WARD 4 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (Lower Umasizakhe : replace all mud houses with new units & indoor toilets)	Provincial competency – project has started.
2	Streets & Stormwater (Lower Umasizakhe : all gravel streets to be surfaced/paved)	There has been some progress and maintenance is taking place.
3	MPCC for Umasizakhe (to include Youth training & skills development facilities)	New priority. No progress as yet.
4	Waste Management : provision of refuse bins and bags for all households	Refuse is being removed by Municipality but no provision of bins or bags as yet.
WARD 5 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (surfacing/paving of identified streets, filling of potholes and urgent attention required at areas prone to flooding)	Work has started and maintenance is being carried out.
2	Clinic (New facility urgently required at site identified. Existing one must be closed)	No progress - Provincial competency.
3	Sewerage Network (blockages, overflowing in Mandela Park; to be upgraded)	Situation has been brought under control.
4	RDP Housing (housing delivery)	Provincial competency – no progress, no budget.
WARD 6 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		

No.	Priority Name and Detail	Progress During Year 0
1	Land Release (unblock land in Eunice Kekana Village, Tjoksville & Chris Hani areas for housing, clinic, commercial & church sites)	Apparently there have been meetings but the Ward has not been informed about the specifics. They have not seen any progress.
2	Streets & Stormwater (stormwater systems to be upgraded, streets to be widened)	Work has started on the stormwater system.
3	RDP Housing (remove and replace asbestos roofs in Umasizakhe & Elite View)	Fallen houses project has started - Provincial competency.
4	Traffic calming measures (speedhumps required at crèche and Main Street)	No progress.
WARD 7 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater : Aberdeen (surfacing/paving of all internal streets; priority to those indicated on map)	There has been some maintenance but not of good quality.
2	Cemetery : Aberdeen (construction of new cemetery to be expedited and existing to be repaired & maintained)	No progress. Situation is critical.
3	Public Toilets : Aberdeen (to be upgraded and maintained)	No progress.
4	Traffic calming measures : Aberdeen (speedhumps and other traffic control measures - as indicated on map)	R338 no progress - a Provincial competency. Speedhumps are required on internal (Municipal) roads.
WARD 8 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Bulk water supply to Willowmore (via Wanhoop)	Funding was made available by OTP and contractor has been appointed.
2	RDP Housing <ul style="list-style-type: none"> ▪ Willowmore (new housing for Vondeling) ▪ Rietbron (40 houses built – identification of beneficiaries) ▪ Baviaanskloof (for people living in mud dwellings) 	Provincial competency. Talks are underway but clarity is required on certain aspects.
3	Electricity in Vondeling & Baviaanskloof	No progress - Dept of Energy competency.
4	Connection of houses in Willowmore town to main sewerage line (removal of septic tanks)	No progress.
WARD 9 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, maintenance of all manholes)	Some work has been done and maintenance is being carried out. More funding is required to complete all areas.
2	Cemetery : existing one to be expanded	New priority; no progress as yet.
3	Sidewalks along Noord- & East Street (Willowmore)	No progress.
4	Lighting in dark areas (High mast & flood lights)	Street lights have been repaired but high mast lights must still be installed.
WARD 10 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	Water Purification Plant	RBIG funded project to commence in 2018/19.
2	Provincial Road R338 (to be tarred)	No progress - Provincial competency.
3	Railway Line (revitalisation)	No progress - Transnet competency.
4	ATM/Mobile Bank (to be positioned close to Police Station)	No progress - Private sector.
WARD 11 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (new development next to Klipplaat Rd to address backlog)	No progress - Provincial competency.

2	Bulk Water Supply (pipeline between Klipfontein & Jansenville, and water quality)	RBIG project has commenced, but there is concern over Klipplaat water source.
3	Sidewalks (to be constructed along gravel streets, where indicated on map)	Some areas have been completed and the rest will receive attention during Phase 2.
4	Hospital / Clinics (to be upgraded and better staffed)	Work is underway - Provincial competency. Phase 2 still to commence.

WARD 12 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (next to Daleview & Bosman Streets)	No progress - Provincial competency. EIA issue must be investigated and clarified.
2	RDP Housing (approved project at Waterford to be implemented)	No progress - Provincial competency.
3	Electricity (provision at Waterford)	Negotiations are underway with Eskom.
4	School/s (more teachers to be appointed)	Has received attention, but issue of absent teachers must be addressed. Prov. competency.

WARD 13 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, new signage)	Some work was done and maintenance is being carried out. Rest of project must be completed.
2	High-mast lights & flood lights in dark areas	Most areas have been addressed but high mast lights are still required in some areas.
3	Upgrading of Vuyolwethu hall (Steytlerville)	No progress. The facility requires urgent attention.
4	RDP Housing (housing backlog must be addressed urgently) & rectification	No progress - Provincial competency.

WARD 14 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During Year 0
1	RDP Housing (housing delivery must be expedited to address critical need)	No progress - Provincial competency.
2	Streets (surfacing/paving of gravel streets with priority to those indicated on map)	Some areas were attended to but there are other critical areas that still need to be addressed.
3	Stormwater (address areas prone to flooding as indicated on map)	Some work was done. Stormwater project in Wards 4 – 6 must be extended to include W.14.
4	Mobile Library (to address urgent need for such a facility in the Ward)	No progress – Provincial competency.

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**APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE
YEAR-0 (2017/18)**

DATE OF COMMITTEE	COMMITTEE RECOMMENDATIONS 2018/19	RECOMMENDATIONS ADOPTED (Y or N)
13 November 2018	That the contents of the report be noted and that the IA plan not be approved at this stage due to the fact that it is not risk based.	Y
13 November 2018	(a) That the content of the Section 52 report be noted; and (b) That the mSCOA report to be a standing item on the agenda.	Y
13 November 2018	That the content of the Annual Performance Report be noted.	Y
7 February 2019	(a) That the report of the Internal Audit: Supply Chain be deferred to the next meeting; and (b) That a special meeting be scheduled to discuss a full report with comments from management before end of March 2019.	Y
7 February 2019	(a) That the report of reconciliations for the period 1 January to 30 October 2018 be deferred to the next meeting; and (b) That a special meeting be scheduled to discuss a full report with comments from management before end of March 2019.	Y
7 February 2019	That the date of the special meeting will be on 11 March 2019 and the ordinary quarterly meeting on 11 April 2019.	Y
28 March 2019	That the content of the strategic plan to resolve AG report be noted and the amended audit plan be circulated to all members.	Y

<p>14 June 2019</p>	<p>(a) That the contents of the Internal Audit Progress report be noted and accepted;</p> <p>(b) That it be noted that the Risk Management Office appointed and a software programme purchased; and</p> <p>(c) That the Internal Audit to concentrate on the ICT and the municipality to reduce water losses to enhance revenue.</p>	<p>Y</p>
<p>14 June 2019</p>	<p>(a) That the contents of the Strategic Risk Based Internal Plan 2019/2020 report be noted and accepted; and</p> <p>(b) That the municipality to attach council resolution in all reports submitted to Council for consideration.</p>	<p>Y</p>
<p>14 June 2019</p>	<p>(a) That the contents of the Internal Audit Charter report be noted and accepted;</p> <p>(b) That the Internal Audit Charter be noted and approved by AC; and</p> <p>(c) That it be noted that charter will be reviewed annually and amendments may be proposed when necessary.</p>	<p>Y</p>
<p>14 June 2019</p>	<p>(a) That the contents of the Audit Charter report be noted and accepted;</p> <p>(b) That the Audit Committee Charter be noted and approved by AC and be referred to Council for adoption; and</p> <p>(c) That it be noted that charter will be reviewed annually and amendments may be proposed when necessary.</p>	<p>Y</p>

<p>14 June 2019</p>	<p>(a) That the contents of the Revenue Procedures for the period 1 July 2018 and 31 December 2018 report be noted and accepted;</p> <p>(b) That the Accounting Officer to report the matter to SAPS as guided by the MFMA;</p> <p>(c) That the Provincial Treasury to take up the matter with the Department of Transport; and</p> <p>(d) That the AC recommended that the Municipality to submit a formal request to the Provincial Treasury to investigate the matter further and the internal processes to commence.</p>	<p>Y</p>
<p>14 June 2019</p>	<p>(a) That the contents of the Human Resources report be noted and accepted;</p> <p>(b) That AC to take note of the huge improvement in the Human Resources section; and</p> <p>(c) That a full progress report will be tabled at the next meeting.</p>	<p>Y</p>
<p>14 June 2019</p>	<p>That Provincial Treasury to assist and investigate alternatives in dealing with the R-Data taking into consideration the cost and benefit for the municipality.</p>	<p>Y</p>
<p>14 June 2019</p>	<p>That the third quarter performance review for the period 1 January to 31 March 2019 be noted and accepted by the Audit Committee.</p>	<p>Y</p>

APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST

Period 1 July 2018 to 30 June 2019 (current year)		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTEREST
MAYOR	Deon Wesley Sam De Vos	Declared that there were no financial interest
SPEAKER	Thembisa Lettar Nonnies	Declared that there were no financial interest
COUNCILLOR	Andreas Nortje	Declared that there were no financial interest
COUNCILLOR	Glenda Christina Mackelina	Declared that there were no financial interest
COUNCILLOR	Pieter William Koeberg	Declared that there were no financial interest
COUNCILLOR	Angeline Booysen	Declared that there were no financial interest
COUNCILLOR	Daniel Williams	Declared that there were no financial interest
COUNCILLOR	Notizi Vanda	Declared that there were no financial interest
COUNCILLOR	Wilton Zayne Le Grange	Declared that there were no financial interest
COUNCILLOR	Eldan Adley Carolus	Declared that there were no financial interest
COUNCILLOR	Hendrik Booysen	Declared that there were no financial interest
COUNCILLOR	Willem Jacobus Safers	Declared that there were no financial interest
COUNCILLOR	Ricardo Smith	Declared that there were no financial interest
COUNCILLOR	Katie Hoffman	Declared that there were no financial interest
COUNCILLOR	Xolile Mzimkulu Galada	membership of close corporation; other financial interest in business undertaking
COUNCILLOR	Thembile Michael Tshona	Declared that there were no financial interest
COUNCILLOR	Rudy Boyce Jacobs	Declared that there were no financial interest
COUNCILLOR	Ewald Laurens Look	Other financial interest in business undertaking
COUNCILLOR	Piet Bees	shares and securities in company
COUNCILLOR	Louis Leonard Langeveldt	Declared that there were no financial interest
COUNCILLOR	Abraham Arries	Declared that there were no financial interest
COUNCILLOR	Daniel Johannes Bezuidenhout	Declared that there were no financial interest
COUNCILLOR	Errol Vernon Ruben Rossouw	membership of close corporation
COUNCILLOR	Joy Juanita Williams	Declared that there were no financial interest
MUNICIPAL MANAGER	Edward Martin Rankwana	Interest in property; subsidies, grants or sponsorships

CHIEF FINANCIAL OFFICER	Heleen Elsa Kok	Declared that there were no financial interest
DIRECTOR PLANNING AND ENGINEERING	W.I. Berrington	Interest in trust; interest in property
DIRECTOR COMMUNITY SERVICES	Sizwe Lochore Mvunelwa	Declared that there were no financial interest
CHIEF OPERATIONS OFFICER	Hans Hendricks	Interest in property
ASST DIRECTOR PLANNING AND ENGINEERING	Benjamin Arends	Interest in property; subsidies, grants or sponsorships
MANAGER CORPORATE SERVICES	Zoleka Viola Kali	Interest in property

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APPENDIX K (i) – REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R
Vote Description	Year -1	Current: Year 0		Year 0 Variance			
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Vote 1 - EXECUTIVE & COUNCIL	12 021	20	1 075	1 135	5575%	6%	
Vote 2 - CORPORATE SERVICES - ADMINISTRATION	808	16 681	16 696	468	-97%	-97%	
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES	2 598	39 798	39 922	3 079	-92%	-92%	
Vote 4 - CORPORATE SERVICES - PROTECTION	3 396	16 681	16 695	5 132	-69%	-69%	
Vote 5 - FINANCIAL SERVICES	135 475	60 808	59 243	135 780	123%	129%	
Vote 6 - TECHNICAL SERVICES - ENGINEERING	88 586	168 534	200 204	90 268	-46%	-55%	
Vote 7 - TECHNICAL SERVICES - ELECTRICAL	111 797	39 797	39 921	107 465	170%	169%	
Example 8 - Vote 8	0	0	0				
Example 9 - Vote 9	0	0	0				
Example 10 - Vote 10	0	0	0				
Example 11 - Vote 11	0	0	0				
Example 12 - Vote 12	0	0	0				
Example 13 - Vote 13	0	0	0				
Example 14 - Vote 14	0	0	0				
Example 15 - Vote 15	0	0	0				
Total Revenue by Vote	354 681	342 319	373 756	343 327	56	0	
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1	

APPENDIX K (ii) – REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source								
							R '000	
Description	Year -1		Year 0			Year 0 Variance		
	Actual		Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	199	28	579	25	162	2%	16%	
Service Charges - electricity revenue	193	99	549	101	938	0%	-11%	
Service Charges - water revenue	735	20	470	25	699	1%	-10%	
Service Charges - sanitation revenue	224	10	301	10	422	1%	1%	
Service Charges - refuse revenue	926	7	463	11	568	1%	-2%	
Service Charges - other								
Rentals of facilities and equipment	788		849		855	1%	-1%	
Interest earned - external investments	919	1	015	2	634	-69%	1%	
Interest earned - outstanding debtors	550	9	713	9	416	-44%	-1%	
Dividends received	-		-					
Fines	80		121		21	-83%	-20%	
Licences and permits	904		501	1	066	-29%	-15%	
Agency services	480	1	682	2	874	-30%	-34%	
Transfers recognised - operational	191	115	441	97	686	24%	19%	
Other revenue	495	3	117	5	603	29%	24%	
Gains on disposal of PPE	0				583			
Enviromental Protection					-			
Total Revenue (excluding capital transfers and contributions)	685	299	802	297	527	317	7%	3%
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2	

APPENDIX L – CONDITIONAL GRANTS RECEIVED (EXCLUDING MIG)

Appendix L: Conditional grants Received (Excluding MIG)					
Details	Year 0			Year 0 Variance	
	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R '000				
Local Government Equitable Share	77 494	77 494	77 494	0%	0%
Finance Management	5 520	5 945	5 945	8%	0%
Energy Efficiency and Demand Management	2 339	-	-	-100%	
EPWP Incentive	1 383	1 383	1 383	0%	0%
	2 339	-	-	-100%	
Demarcation grant (National)	10 847	6 847	6 847	-37%	0%
Amalgamation		4 000	4 000		0%
Finance Management support		1 085	1 085		0%
Library		2 258	2 258		0%
Economic development and Environmental Affairs	2 554	2 554	2 554	0%	0%
Eskom assistance grant		3 721	3 721		0%
Dept of Public Service & Administration		4 500	1 476		-67%
Dept of Human Settlements		94	293		213%
Special day events - various gov depts	2 686	301	-	-100%	-100%
Fire - DM		1 850	925		-50%
LED - DM	150	200	200	33%	0%
Environmental Health - DM		1 208	1 208		0%
SMME development - DM		100	-		-100%
SETA		280	345		23%
IDC		100	-		-100%
Regional Bulk Infrastructure	32 000	25 710	16 692	-48%	-35%
	1 510	-	-	-100%	
INEP Grant	7 000	7 000	7 000	0%	0%
Cacadu Fire Grant	4 094	(0)	-	-100%	-100%
Drought relief		468	468		0%
AG 1% Grant			6 700		
Total Revenue (excluding capital transfers and contributions)	149 915	147 097	140 593	-6%	-4%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustment budget. This table is aligned to MBRR table A4.</i>					
					T K.2

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The main infrastructure grants received during the 2017/18 financial year (excluding MIG) was the Integrated National Electrification Grant (INEP) which was used for upgrading of overhead powerlines and mv switch gears; Regional bulk infrastructure grant (RBIG) which was used for construction of steel reservoir and pipelines as well as refurbishment of boreholes.

The municipality received R6 700 000 from National Treasury as refund on audit cost that exceeded the 1% of expenditure. Dr Beyers Naudé also received R3.7 million from COGTA for assistance with Eskom account.

All conditions of grants were met and grants spent in terms of approved business plans.

APPENDIX M – CAPITAL EXPENDITURE : NEW AND UPGRADE / RENEWAL PROGRAMMES)

APPENDIX M (i) – CAPITAL EXPENDITURE (NEW ASSETS PROGRAMME)

APPENDIX M(i) - CAPITAL EXPENDITURE - NEW ASSET PROGRAMME

Description	Year -1	Year 0			Planned Capital Expenditure	
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY +1	FY +2
R thousands						
Capital expenditure on new assets by Asset Class/Sub-class						
Infrastructure	61 436	59 157	762	592	54 091	36 650
Roads Infrastructure	31 606	320	-	-	339	358
Roads	31 606	320	-	-	339	358
Road Structures					-	-
Road Furniture					-	-
Capital Spares					-	-
Storm water Infrastructure	-	2 000	-	-	-	-
Drainage Collection		2 000	-	-	-	-
Storm water Conveyance					-	-
Attenuation					-	-
Electrical Infrastructure	2 620	7 300	336	-	7 317	10 335
Power Plants					-	-
HV Substations					-	-
HV Switching Station					-	-
HV Transmission Conductors		300	336		317	335
MV Substations					-	-
MV Switching Stations	2 620	7 000	-		7 000	10 000
MV Networks					-	-
LV Networks					-	-
Capital Spares					-	-
Water Supply Infrastructure	2 364	43 306	-	-	39 849	19 003
Dams and Weirs					-	-
Boreholes		27 132	-		32 450	11 190
Reservoirs		9 174	-		-	-
Pump Stations		5 000	-		5 285	5 581
Water Treatment Works					-	-
Bulk Mains					-	-
Distribution	2 364	2 000	-		2 114	2 232
Distribution Points					-	-
PRV Stations					-	-
Capital Spares					-	-
Sanitation Infrastructure	23 367	6 231	-	-	6 586	6 954
Pump Station					-	-
Reticulation					-	-
Waste Water Treatment Works	23 367	6 231	-		6 586	6 954
Outfall Sewers					-	-
Toilet Facilities					-	-
Capital Spares					-	-

APPENDIX M(i) - CAPITAL EXPENDITURE - NEW ASSET PROGRAMME

Description	Year -1	Year 0			Planned Capital Expenditure	
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY +1	FY +2
	Solid Waste Infrastructure	1 479	-	426	592	-
<i>Landfill Sites</i>	1 479	-	-	-	-	-
<i>Waste Transfer Stations</i>	-	-	-	-	-	-
<i>Waste Processing Facilities</i>	-	-	-	-	-	-
<i>Waste Drop-off Points</i>	-	-	-	-	-	-
<i>Waste Separation Facilities</i>	-	-	426	592	-	-
<i>Electricity Generation Facilities</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-
<i>Rail Lines</i>	-	-	-	-	-	-
<i>Rail Structures</i>	-	-	-	-	-	-
<i>Rail Furniture</i>	-	-	-	-	-	-
<i>Drainage Collection</i>	-	-	-	-	-	-
<i>Storm water Conveyance</i>	-	-	-	-	-	-
<i>Attenuation</i>	-	-	-	-	-	-
<i>MV Substations</i>	-	-	-	-	-	-
<i>LV Networks</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-
<i>Sand Pumps</i>	-	-	-	-	-	-
<i>Piers</i>	-	-	-	-	-	-
<i>Revetments</i>	-	-	-	-	-	-
<i>Promenades</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-
<i>Data Centres</i>	-	-	-	-	-	-
<i>Core Layers</i>	-	-	-	-	-	-
<i>Distribution Layers</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Community Assets	158	4 094	1 547	1 179	-	-
Community Facilities	-	4 094	-	-	-	-
<i>Halls</i>	-	-	-	-	-	-
<i>Centres</i>	-	-	-	-	-	-
<i>Crèches</i>	-	-	-	-	-	-
<i>Clinics/Care Centres</i>	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>	-	4 094	-	-	-	-
<i>Testing Stations</i>	-	-	-	-	-	-
<i>Museums</i>	-	-	-	-	-	-
<i>Galleries</i>	-	-	-	-	-	-
<i>Theatres</i>	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-
<i>Cemeteries/Crematoria</i>	-	-	-	-	-	-
<i>Police</i>	-	-	-	-	-	-
<i>Purls</i>	-	-	-	-	-	-
<i>Public Open Space</i>	-	-	-	-	-	-
<i>Nature Reserves</i>	-	-	-	-	-	-
<i>Public Ablution Facilities</i>	-	-	-	-	-	-
<i>Markets</i>	-	-	-	-	-	-
<i>Stalls</i>	-	-	-	-	-	-
<i>Abattoirs</i>	-	-	-	-	-	-
<i>Airports</i>	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-

APPENDIX M(i) - CAPITAL EXPENDITURE - NEW ASSET PROGRAMME

Description	Year -1	Year 0			Planned Capital Expenditure	
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY +1	FY +2
Heritage assets	-	-	-	-	-	-
Monuments			-			
Historic Buildings			-			
Works of Art			-			
Conservation Areas			-			
Other Heritage			-			
Investment properties	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-
<i>Improved Property</i>			-			
<i>Unimproved Property</i>			-			
Non-revenue Generating	-	-	-	-	-	-
<i>Improved Property</i>			-			
<i>Unimproved Property</i>			-			
Other assets	150	-	-	-	-	-
Operational Buildings	150	-	-	-	-	-
<i>Municipal Offices</i>	150		-			
<i>Pay/Enquiry Points</i>			-			
<i>Building Plan Offices</i>			-			
<i>Workshops</i>			-			
<i>Yards</i>			-			
<i>Stores</i>			-			
<i>Laboratories</i>			-			
<i>Training Centres</i>			-			
<i>Manufacturing Plant</i>			-			
<i>Depots</i>			-			
<i>Capital Spares</i>			-			
Housing	-	-	-	-	-	-
<i>Staff Housing</i>			-			
<i>Social Housing</i>			-			
<i>Capital Spares</i>			-			
Biological or Cultivated Assets	-	-	-	-	-	-
Biological or Cultivated Assets			-			
Intangible Assets	49	-	360	-	-	-
Servitudes			-			
Licences and Rights	49	-	360	-	-	-
<i>Water Rights</i>			-			
<i>Effluent Licenses</i>			-			
<i>Solid Waste Licenses</i>			-			
<i>Computer Software and Applications</i>	49		360			
<i>Load Settlement Software Applications</i>			-			
<i>Unspecified</i>			-			

APPENDIX M(i) - CAPITAL EXPENDITURE - NEW ASSET PROGRAMME

Description	Year -1	Year 0			Planned Capital Expenditure	
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY +1	FY +2
Computer Equipment	287	620	1 661	503	655	692
Computer Equipment	287	620	1 661	503	655	692
Furniture and Office Equipment	343	200	301	86	941	993
Furniture and Office Equipment	343	200	301	86	941	993
Machinery and Equipment	42	290	223	-	95	101
Machinery and Equipment	42	290	223	-	95	101
Transport Assets	-	400	2 100	418	518	547
Transport Assets	-	400	2 100	418	518	547
Libraries	-	-	-	-	-	-
Libraries	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-
Total Capital Expenditure on new assets to be adjusted	62 466	64 760	6 954	2 778	56 300	38 984

APPENDIX M (ii) – CAPITAL EXPENDITURE (NEW AND UPGRADE / RENEWAL PROGRAMMES)

APPENDIX M(ii) - CAPITAL EXPENDITURE - UPGRADE/RENEWAL ASSET PROGRAMME						
Description	Year -1	Year 0			Planned Capital	
	Actual Expenditure	Original Budget	Adjusted Budget	Actual expenditure	FY +1	FY +2
R thousands						
Capital expenditure on renewal of existing assets by Asset Class/Sub-class						
Infrastructure	-	-	65 325	46 050	-	-
Roads Infrastructure	-	-	14	-	-	-
Roads	-	-	14	4 518	-	-
Road Structures	-	-	-	-	-	-
Road Furniture	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-
Storm water Infrastructure	-	-	12 647	8 775	-	-
Drainage Collection	-	-	-	-	-	-
Storm water Conveyance	-	-	12 647	8 775	-	-
Attenuation	-	-	-	-	-	-
Electrical Infrastructure	-	-	10 851	11 085	-	-
Power Plants	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-
HV Switching Station	-	-	7 000	7 000	-	-
HV Transmission Conductors	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-
MV Switching Stations	-	-	-	-	-	-
MV Networks	-	-	3 851	4 085	-	-
LV Networks	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-
Water Supply Infrastructure	-	-	34 768	20 985	-	-
Dams and Weirs	-	-	-	-	-	-
Boreholes	-	-	3 709	14 306	-	-
Reservoirs	-	-	-	-	-	-
Pump Stations	-	-	-	-	-	-
Water Treatment Works	-	-	5 694	122	-	-
Bulk Mains	-	-	25 366	-	-	-
Distribution	-	-	-	6 558	-	-
Distribution Points	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-
Sanitation Infrastructure	-	-	309	-	-	-
Pump Station	-	-	-	-	-	-
Reticulation	-	-	309	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	6 736	5 205	-	-
Landfill Sites	-	-	6 736	5 205	-	-
Waste Transfer Stations	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-

APPENDIX M(ii) - CAPITAL EXPENDITURE - UPGRADE/RENEWAL ASSET PROGRAMME

Description	Year -1	Year 0		Planned Capital		
	Actual Expenditure	Original Budget	Adjusted Budget	Actual expenditure	FY +1	FY +2
R thousands						
Coastal Infrastructure	-	-	-	-	-	-
<i>Sand Pumps</i>						
<i>Piers</i>						
<i>Revetments</i>						
<i>Promenades</i>						
<i>Capital Spares</i>						
Information and Communication Infrastructure	-	-	-	-	-	-
<i>Data Centres</i>						
<i>Core Layers</i>						
<i>Distribution Layers</i>						
<i>Capital Spares</i>						
Community Assets	-	-	368	-	-	-
Community Facilities	-	-	-	-	-	-
<i>Halls</i>						
<i>Centres</i>						
<i>Crèches</i>						
<i>Clinics/Care Centres</i>						
<i>Fire/Ambulance Stations</i>						
<i>Testing Stations</i>						
<i>Museums</i>						
<i>Galleries</i>						
<i>Theatres</i>						
<i>Libraries</i>						
<i>Cemeteries/Crematoria</i>						
<i>Police</i>						
<i>Parks</i>						
<i>Public Open Space</i>						
<i>Nature Reserves</i>						
<i>Public Ablution Facilities</i>						
<i>Markets</i>						
<i>Stalls</i>						
<i>Abattoirs</i>						
<i>Airports</i>						
<i>Taxi Ranks/Bus Terminals</i>						
<i>Capital Spares</i>						
Sport and Recreation Facilities	-	-	368	-	-	-
<i>Indoor Facilities</i>						
<i>Outdoor Facilities</i>			368			
<i>Capital Spares</i>						
Heritage assets	-	-	-	-	-	-
Monuments						
<i>Historic Buildings</i>						
<i>Works of Art</i>						
<i>Conservation Areas</i>						
<i>Other Heritage</i>						
Investment properties	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-
<i>Improved Property</i>						
<i>Unimproved Property</i>						
Non-revenue Generating	-	-	-	-	-	-
<i>Improved Property</i>						
<i>Unimproved Property</i>						
Other assets	-	-	-	112	-	-
Operational Buildings	-	-	-	112	-	-
<i>Municipal Offices</i>				112		
<i>Pay/Enquiry Points</i>						
<i>Building Plan Offices</i>						
<i>Workshops</i>						
<i>Yards</i>						
<i>Stores</i>						
<i>Laboratories</i>						
<i>Training Centres</i>						
<i>Manufacturing Plant</i>						
<i>Depots</i>						
<i>Capital Spares</i>						
Housing	-	-	-	-	-	-
<i>Staff Housing</i>						
<i>Social Housing</i>						
<i>Capital Spares</i>						

APPENDIX M(ii) - CAPITAL EXPENDITURE - UPGRADE/RENEWAL ASSET PROGRAMME						
Description	Year -1	Year 0		Planned Capital		
	Actual Expenditure	Original Budget	Adjusted Budget	Actual expenditure	FY +1	FY +2
R thousands						
Biological or Cultivated Assets	-	-	-	-	-	-
Biological or Cultivated Assets						
Intangible Assets	-	-	-	-	-	-
Servitudes						
Licences and Rights	-	-	-	-	-	-
Water Rights						
Effluent Licenses						
Solid Waste Licenses						
Computer Software and Applications						
Load Settlement Software Applications						
Unspecified						
Computer Equipment	-	-	-	-	-	-
Computer Equipment						
Furniture and Office Equipment	-	-	-	-	-	-
Furniture and Office Equipment						
Machinery and Equipment	-	-	-	-	-	-
Machinery and Equipment						
Transport Assets	-	-	-	-	-	-
Transport Assets						
Libraries	-	-	-	-	-	-
Libraries						
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals						
Total Capital Expenditure on renewal of existing assets to be adjusted	-	-	65 693	46 163	-	-

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR-0 (2017/18)

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
					T N

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
NOT APPLICABLE				
Clinics (NAMES, LOCATIONS)				
NOT APPLICABLE				
<i>Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.</i>				<i>TP</i>

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
	NOT APPLICABLE	
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		<i>TQ</i>

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output Improving access to basic services		
Output Implementation of the Community Work Programme		
Output Deepen democracy through a refined Ward Committee model		
Output Administrative and financial capability		
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		

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VOLUME II – ANNEXURES

ANNEXURE 1 – ANNUAL FINANCIAL STATEMENTS FOR 2018/19

The 2018/19 AFS are attached hereto.

ANNEXURE 2 – ANNUAL PERFORMANCE REPORT

The 2018/19 APR is attached hereto.

ANNEXURE 3 – AUDITOR-GENERAL REPORT

The 2018/19 AG Report is attached hereto.

ANNEXURE 4 – AUDIT ACTION PLAN

The 2019/20 Audit Action Plan (in response to 2018/19 Audit Outcome) is attached hereto.

ANNEXURE 1 –



Dr. Beyers Naudé

MUNICIPALITY | MUNISIPALITEIT | UMASIPALA

rising together for development

ANNUAL FINANCIAL STATEMENTS FOR 2018/19



Dr. Beyers Naudé

MUNICIPALITY | MUNISIPALITEIT | UMASIPALA

rising together for development

Dr Beyers Naude Local Municipality
Annual Financial Statements
for the year ended 30 June 2019
Auditor General of South Africa

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

General Information

Legal form of entity	The entity functions as local municipality, established under Paragraph 151 of the Constitution of the Republic of South Africa, 1996, as amended.
Nature of business and principal activities	Dr Beyers Naude Local Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act No. 117 of 1998). The Municipality's operations are governed by: Municipal Finance Management Act 56 of 2003, Municipal Structure Act 117 of 1998, Municipal Systems Act 32 of 2000 and various other Acts and regulations.
Mayoral committee	
Executive Mayor	Cllr D.W.S De Vos
Speaker	Cllr T.L Nonnies
Executive Committee	Cllr P.W Koeberg Cllr S.J Graham Cllr N.P Vanda Cllr E.L Loock
Councillors	Cllr D Williams Cllr E.A Ruiters Cllr W.Z Le Grange Cllr A. Mboneni Cllr E.A Carolus Cllr A Booysen Cllr H Booysen Cllr B.W Seekoei Cllr W.J Safers (MPAC Chairperson) Cllr L.M Botha Cllr K Hoffman Cllr X.N Galada Cllr G.C Mackelina Cllr T.M Tshona Cllr R.B Jacobs Cllr P Bees Cllr L.L Langeveldt Cllr A Arries Cllr D.J Bezuidenhout Cllr E.V.R Rossouw Cllr J.J Williams
Grading of local authority	Grade Three (3)
Accounting Officer	Dr. E.M Rankwana
Chief Finance Officer (CFO)	H. Kok
Registered office	PO Box 71 Graaff Reinett 6280
Business address	12 - 14 Caledon Street Graaff Reinet 6280

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

General Information

Bankers

First National Bank

Auditors

Auditor General of South Africa

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

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

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ASB	Accounting Standards Board
MPAC	Municipal Public Accounts Committee
PAYE	Pay As You Earn
SALGA	South African Local Government Association
GRAP	Generally Recognised Accounting Practice
SARS	South African Revenue Services
SDL	Skills Development Levy
IAS	International Accounting Standards
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
mSCOA	Municipal Standard Chart of Accounts

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position considering the amalgamation of Camdeboo Local Municipality, Ikwezi Local Municipality and Baviaans Local Municipality to form Dr Beyers Naude Local Municipality post the local elections of August 2016, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The councillors are remunerated within the upper limits of the framework envisaged in Section 219 of the Constitution, as required by the MFMA, section 124(1)(a).

The annual financial statements set out on pages 5 to 71, which have been prepared on the going concern basis, were approved by the accounting officer on 26 November 2019 and were signed by him:

Dr E.M Rankwana
Municipal Manager

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
VAT receivable	3	13 684 799	2 131 066
Inventories	4	5 692 015	6 943 507
Other Receivables	5	3 624 091	3 791 058
Receivables from non-exchange transactions	6	3 856 579	5 100 186
Receivables from exchange Transactions	7	16 296 017	22 648 799
Cash and cash equivalents	8	24 312 902	2 028 090
		67 466 403	42 642 706
Non-Current Assets			
Investment property	9	67 783 409	67 783 409
Property, plant and equipment	10	1 081 322 802	1 099 418 333
Intangible assets	11	88 434	155 558
Heritage assets	12	13 452 791	13 452 791
		1 162 647 436	1 180 810 091
Total Assets		1 230 113 839	1 223 452 797
Liabilities			
Current Liabilities			
Other financial liabilities	13	10 000 000	-
Payables from exchange transactions	14	174 228 701	121 920 372
Payables from non-exchange transactions	15	1 543 399	5 211 804
Consumer deposits	16	3 316 576	2 996 797
Unspent conditional grants and receipts	17	26 455 177	2 535 506
Provisions	18	544 502	127 303
Employee benefit obligation	19	2 992 708	3 199 659
		219 081 063	135 991 441
Non-Current Liabilities			
Other financial liabilities	13	10 000 000	-
Provisions	18	22 615 000	21 652 000
Employee benefit obligation	19	60 303 039	46 172 111
		92 918 039	67 824 111
Total Liabilities		311 999 102	203 815 552
Net Assets		918 114 737	1 019 637 245
Accumulated surplus		918 114 737	1 019 637 245

* See Note 42

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	149 258 715	138 077 546
Agency services	21	1 873 578	1 480 225
Interest received	22	5 409 737	9 527 919
Interest received - investment	22	633 552	1 919 091
Rental of facilities and equipment	23	855 164	798 239
Other Revenue	24	5 571 157	3 508 104
Licences and permits	25	1 066 277	904 383
Gain on disposal of assets and liabilities	39	583 068	-
Total revenue from exchange transactions		165 251 248	156 215 507
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	30 162 310	28 199 360
Transfer revenue			
Fines, Penalties and Forfeits	27	20 733	79 344
Government grants & subsidies	28	140 604 988	163 486 684
Public contributions and donations	29	6 920 279	6 700 492
Total revenue from non-exchange transactions		177 708 310	198 465 880
Total revenue		342 959 558	354 681 387
Expenditure			
Employee related costs	30	(159 348 242)	(138 159 291)
Remuneration of councillors	31	(9 369 934)	(9 324 299)
Debt Impairment	32	(37 060 270)	(10 076 904)
Depreciation and amortisation	33	(55 907 113)	(62 955 860)
Impairment loss	34	(434 705)	-
Finance costs	35	(6 987 979)	(7 238 459)
Bulk purchases	36	(89 282 025)	(81 207 643)
General Expenses	37	(62 333 993)	(88 342 657)
Contracted services	38	(15 089 863)	(5 965 416)
Loss on disposal of assets and liabilities	39	-	(598 840)
Total expenditure		(435 814 124)	(403 869 369)
Deficit before actuarial (loss)/gain and Release from obligation		(92 854 566)	(49 187 982)
Actuarial (loss) / gain and Release from obligation	40	(8 667 947)	3 556 944
Deficit for the year		(101 522 513)	(45 631 038)

* See Note 42

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 066 331 870	1 066 331 870
Adjustments		
Correction of errors	7 202 297	7 202 297
Balance at 01 July 2017 as restated*	1 065 268 283	1 065 268 283
Changes in net assets		
Deficit for the year	(45 631 038)	(45 631 038)
Total changes	(45 631 038)	(45 631 038)
Restated* Balance at 01 July 2018	1 019 637 250	1 019 637 250
Changes in net assets		
Deficit for the year	(101 522 513)	(101 522 513)
Total changes	(101 522 513)	(101 522 513)
Balance at 30 June 2019	918 114 737	918 114 737

Note(s)

* See Note 42

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Other receipts		10 571 143	10 304 752
Rates and Services		138 807 049	143 364 426
Government grants & services		162 649 184	132 161 717
Interest on investments		633 552	1 919 091
Interest income - Debtors		5 416 245	9 550 406
		<u>318 077 173</u>	<u>297 300 392</u>
Payments			
Employee costs		(162 721 610)	(145 025 972)
Suppliers		(111 867 438)	(116 818 786)
Finance costs		(6 987 979)	(7 238 459)
		<u>(281 577 027)</u>	<u>(269 083 217)</u>
Net cash flows from operating activities	41	<u>36 500 146</u>	<u>28 217 175</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(34 215 334)	(53 459 026)
Proceeds from sale of property, plant and equipment	10	-	10 100
Net cash flows from investing activities		<u>(34 215 334)</u>	<u>(53 448 926)</u>
Cash flows from financing activities			
Movement in financial liabilities		20 000 000	-
Finance lease payments		-	(194 770)
Net cash flows from financing activities		<u>20 000 000</u>	<u>(194 770)</u>
Net increase/(decrease) in cash and cash equivalents		22 284 812	(25 426 521)
Cash and cash equivalents at the beginning of the year		2 028 090	27 454 611
Cash and cash equivalents at the end of the year	8	<u>24 312 902</u>	<u>2 028 090</u>

* See Note 42

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 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
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	148 783 408	17 091 954	165 875 362	149 258 715	(16 616 647)	N1
Rental of facilities and equipment	849 025	18 393	867 418	855 164	(12 254)	
Interest received (trading)	11 728 707	(5 622 774)	6 105 933	5 409 737	(696 196)	N2.
Agency services	2 681 642	149 802	2 831 444	1 873 578	(957 866)	N3
Licences and permits	1 500 972	(245 170)	1 255 802	1 066 277	(189 525)	N4
Miscellaneous other revenue	-	-	-	5 571 157	5 571 157	
Other income	5 116 883	202 691	5 319 574	-	(5 319 574)	N5
Gains on disposal of assets	-	-	-	633 552	633 552	N6
Total revenue from exchange transactions	170 660 637	11 594 896	182 255 533	164 668 180	(17 587 353)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	29 579 265	(3 603 260)	25 976 005	30 162 310	4 186 305	N7
Transfer revenue						
Government grants & subsidies	141 958 111	23 540 719	165 498 830	140 604 988	(24 893 842)	N8
Public contributions and donations	-	-	-	6 920 279	6 920 279	
Fines, Penalties and Forfeits	120 893	(95 000)	25 893	20 733	(5 160)	
Total revenue from non-exchange transactions	171 658 269	19 842 459	191 500 728	177 708 310	(13 792 418)	
Total revenue	342 318 906	31 437 355	373 756 261	342 376 490	(31 379 771)	
Expenditure						
Employee related costs	(136 617 502)	(17 346 367)	(153 963 869)	(159 348 242)	(5 384 373)	N9
Remuneration of councillors	(9 883 760)	671 263	(9 212 497)	(9 369 934)	(157 437)	
Depreciation and amortisation	(35 452 742)	(30 395 821)	(65 848 563)	(55 907 113)	9 941 450	N10
Impairment loss/ Reversal of impairments	-	-	-	(434 705)	(434 705)	
Finance costs	(5 575 600)	2 787 800	(2 787 800)	(6 987 979)	(4 200 179)	N11
Debt Impairment	(3 500 000)	(2 063 000)	(5 563 000)	(37 060 270)	(31 497 270)	N12
Bulk purchases	(82 368 100)	-	(82 368 100)	(89 282 025)	(6 913 925)	
Contracted Services	(15 941 000)	2 723 000	(13 218 000)	(15 089 863)	(1 871 863)	N13
General Expenses	(76 712 127)	28 362 047	(48 350 080)	(62 333 993)	(13 983 913)	N14
Total expenditure	(366 050 831)	(15 261 078)	(381 311 909)	(435 814 124)	(54 502 215)	
Operating deficit	(23 731 925)	16 176 277	(7 555 648)	(93 437 634)	(85 881 986)	
Gain on disposal of assets and liabilities	-	-	-	583 068	583 068	
Operating deficit before actuarial gain /(Loss)	(23 731 925)	16 176 277	(7 555 648)	(92 854 566)	(85 298 918)	
Deficit for the year from continuing operations	(23 731 925)	16 176 277	(7 555 648)	(92 854 566)	(85 298 918)	

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 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
Figures in Rand						
Acturial gain (loss) and Release from obligation	-	-	-	(8 667 947)	(8 667 947)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(23 731 925)	16 176 277	(7 555 648)	(101 522 513)	(93 966 865)	

N1 - The municipality has been experiencing severe drought during the financial year which had left some areas within the municipality without water supply, thus consumption and billing was negatively affected. .

N2 - Due to the severe droughts experienced, billing was negatively affected.

N3 - The traffic deapartments Vehicle roadworthy testing machine was not in a working condition for a significant part of the financial year.

N4 - The traffic deapartments Vehicle roadworthy testing machine was not in a working condition for a significant part of the financial year.

N5 - ecrease in various income sources like Tender deposits and Sales of Avgas because of decrease in procurement due to cash flow challenges.

N6 - Proceeds from disposal of portions of commonage land.

N7 - Error in forecasting budget resulting in decrease of anticipated revenue for property rates.

N8 - Reduction of MIG allocation during the financial year and the drought relief grant was not spent in full at year end, thus the municipality has applied for a rollover.

N9 - Overtime was more than anticipated.

N10 - Anticipated additions to Property Plant and Equipment not realising due to reduction in grant allocation.

N11 - Defaulting on the payment of Eskom as a result of cashflow challenges, however repayment arrangement in place with implementation of debt recovery plan.

N12 - Error in forecasting budget and poor debt collection resulting in impaired debt.

N13 - Error in forecasting budget for Eskom tariff increases.

N14 - Error in forecasting adjustment budget due to cost containment measures, however contractual obligations had to be met.

N15 -Error in forecasting adjustment budget due to cost containment measures, however contractual obligations had to be met.

N16 - The nature of actuarial calculations are unpredictable and specialised. Thus the municipality was unable to budget for this item.

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

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 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

The accounting policies are consistent with the previous period but the wording has since been amended and inclusion of required paragraphs has since been included.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Budget information

Budget information is in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

1.4 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior year comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

1.5 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future period.

Judgements

In the process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for Trade receivables is calculated based on the grading of category of debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amount that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Pension and other post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future medical increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

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

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles, so that the effect of any impairment on a group of receivables would not differ materially from the impairment, that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about probability of recovery of the debtors based on their past payment history and risk profile.

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Provision for rehabilitation of refuse landfill sites

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size/ extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and the discounted to their present value using an appropriate discount rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

The value of water inventory is calculated by considering the quantity of water in the pipes and is estimated based on the dimensions/ measurements of the pipes and the average cost per KL.

1.7 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

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

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

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent Measurement - Cost Model

Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation recognised on investment property is determined with reference to the useful lives and residual values of the underlying items. Depreciation is provided to write down cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Items useful life:

- Land - Indefinite
- Buildings - 30 years

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.7 Investment property (continued)

Land is not depreciated as it is considered to have an indefinite useful life.

Impairments

The entity test for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an investment property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or services potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of financial performance in the period of retirement or disposal.

1.8 Property, plant and equipment

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.8 Property, plant and equipment (continued)

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

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the municipality replaces part of an asset, it derecognises that part of the asset being replaced and capitalises the new component.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

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

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

Item	Depreciation method	Average useful life
Land	None	Indefinite
Buildings	Straight line	30 - 100 years
Infrastructure		
• Roads and paving	Straight line	50 years
• Water	Straight line	15 - 20 years
• Electricity	Straight line	20 - 30 years
• Sewerage	Straight line	15 - 20 years
• Landfill sites	Straight line	30 years
Community		
• Recreational facilities	Straight line	20-50 years
Other property, plant and equipment		
• Specialised vehicles	Straight line	10 years
• Other vehicles	Straight line	5 years
• Office equipment	Straight line	3 - 7 years
• Furniture and Fittings	Straight line	7 - 20 years
• Airports	Straight line	15 years
• Computer equipments	Straight line	3 - 7 years
• Cemeteries	Straight line	25 - 30 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.8 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.9 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical existence. An intangible asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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1.9 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

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

1.10 Financial instruments

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

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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Accounting Policies

1.10 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

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Accounting Policies

1.10 Financial instruments (continued)

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Employee benefits

Short-term employee benefits

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

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

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

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1.12 Employee benefits (continued)

Defined contribution plans

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

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

Other post retirement obligations

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

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 53.

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

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

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

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

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

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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1.14 Revenue from exchange transactions (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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1.15 Revenue from non-exchange transactions (continued)

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

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1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.19 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.

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.

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1.19 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.21 Heritage assets

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

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

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

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

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

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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1.21 Heritage assets (continued)

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements .

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.22 Statutory receivables

Identification

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

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

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1.22 Statutory receivables (continued)

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

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1.22 Statutory receivables (continued)

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.23 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.24 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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Accounting Policies

1.24 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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Accounting Policies

1.26 Impairment of cash-generating assets (continued)

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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Accounting Policies

1.26 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.27 Value added Tax (VAT)

The municipality accounts for VAT on the accrual basis of accounting. The municipality is liable to for VAT at the standard rate (15%) in terms of section 7(1)(a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act. The VAT rate changed on the 01 April 2018 from 14% to 15% as determined by National Treasury.

Where Input VAT exceeds output VAT the municipality recognises a receivables for VAT. Where output VAT exceeds input VAT the municipality recognises a payable for VAT.

The municipality is registered for VAT on the payment basis. VAT is claimed from/paid to SARS only once payment is made to supplier or cash is collected on vatable suppliers.

1.28 Investment income

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

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Figures in Rand

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Boards, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 37: Joint Arrangements

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2. New standards and interpretations (continued)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

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2. New standards and interpretations (continued)

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

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2. New standards and interpretations (continued)

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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3. VAT receivable		
VAT	13 684 799	2 131 066
4. Inventories		
Consumable stores	3 287 441	4 301 565
Unsold Properties Held for Resale	1 514 822	1 514 822
Water	889 752	1 127 120
	5 692 015	6 943 507
5. Other Receivables		
Sundry deposits	290 900	290 900
Sundry debtors	467 405	234 847
Meter readings not yet billed	2 865 786	3 265 311
	3 624 091	3 791 058
6. Receivables from non-exchange transactions		
Consumer debtors - Rates	3 856 579	5 100 186
Gross balances		
Rates	16 783 317	16 071 271
Less: Allowance for impairment	(12 926 738)	(10 971 085)
Net balance	3 856 579	5 100 186
Ageing		
Current (0-30 days)	979 906	888 303
31 - 60 days	397 890	276 652
61 - 90 days	340 716	238 180
91 - 120 days	347 329	205 384
121 days +	14 717 476	14 462 752
	16 783 317	16 071 271

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6. Receivables from non-exchange transactions (continued)

Summary of debtors by customers classification

Residential

Current (0 - 30 days)	695 196	602 148
31 - 60 days	231 705	171 174
61 - 90 days	196 055	125 225
91 - 120 days	207 653	110 143
121 days +	6 947 851	5 107 612
	8 278 460	6 116 302

Industrial/ commercial

Current (0 - 30 days)	283 548	253 914
31 - 60 days	116 404	92 925
61 - 90 days	95 777	84 897
91 - 120 days	91 719	83 524
121 days +	6 485 679	6 236 090
	7 073 127	6 751 350

National and provincial government

Current (0 - 30 days)	(50 635)	32 049
31 - 60 days	1 958	12 552
61 - 90 days	1 958	28 059
91 - 120 days	1 958	11 717
121days +	1 472 482	3 119 050
	1 427 721	3 203 427

Total

Current (0 - 30 days)	874 441	888 303
31 - 60 days	297 358	276 652
61 - 90 days	242 359	238 180
91 - 120 days	242 494	205 384
121 days +	15 126 665	14 462 752
Less: Impairment	(12 926 738)	(10 971 085)
	3 856 579	5 100 186

Total debtors past due but not impaired

61 - 90 days	104 184	97 784
91 - 120 days	71 764	55 262
120 days +	2 760 167	4 066 819

Reconciliation of allowance for impairment

Balance at beginning of the year	(10 971 085)	(20 436 496)
Bad debts written off against allowance	496 413	11 898 267
Current year's impairment	(2 452 067)	(2 432 856)
	(12 926 739)	(10 971 085)

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Figures in Rand	2019	2018
7. Receivables from exchange transactions		
Gross balances		
Electricity	9 157 356	8 014 102
Water	26 131 736	14 960 280
Sewerage	11 174 974	8 899 896
Refuse	13 622 312	7 820 982
Housing	181 919	204 005
Sundry	3 094 873	2 677 583
	63 363 170	42 576 848
Less: Allowance for impairment		
Electricity	(2 025 396)	(1 532 916)
Water	(20 375 315)	(8 667 939)
Sewerage	(10 014 715)	(3 591 351)
Refuse	(11 997 582)	(4 036 099)
Housing	(180 242)	(107 391)
Sundry	(2 473 903)	(1 992 353)
	(47 067 153)	(19 928 049)
Net balance		
Electricity	7 131 960	6 481 186
Water	5 756 421	6 292 341
Sewerage	1 160 259	5 308 545
Refuse	1 624 730	3 784 883
Housing	1 677	96 614
Sundry	620 970	685 230
	16 296 017	22 648 799
Electricity		
Current (0 -30 days)	4 871 439	4 845 013
31 - 60 days	872 165	720 445
61 - 90 days	585 953	178 786
91 - 120 days	426 595	164 777
120 days +	2 401 205	2 105 082
	9 157 357	8 014 103
Water		
Current (0 -30 days)	1 602 108	1 829 587
31 - 60 days	2 775 027	1 206 454
61 - 90 days	1 513 530	914 319
91 - 120 days	1 041 373	904 956
120 days +	19 199 498	10 104 966
	26 131 536	14 960 282
Sewerage		
Current (0 -30 days)	851 802	682 937
31 - 60 days	562 980	456 424
61 - 90 days	524 976	365 858
91 - 120 days	583 146	339 544
120 days +	8 652 070	7 055 133
	11 174 974	8 899 896

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7. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	1 008 788	614 756
31 - 60 days	753 973	462 472
61 - 90 days	708 737	413 462
91 - 120 days	694 781	396 141
120 days +	10 456 033	5 934 151
	13 622 312	7 820 982
Housing rental		
Current (0 -30 days)	436	-
31 - 60 days	436	-
61 - 90 days	436	-
91 - 120 days	436	-
120 days +	180 173	204 005
	181 917	204 005
Sundry		
Current (0 -30 days)	141 318	107 848
31 - 60 days	100 082	71 726
61 - 90 days	79 350	37 421
91 - 120 days	85 567	60 822
120 days +	2 688 556	2 399 766
	3 094 873	2 677 583

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7. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Residential

Current (0 -30 days)	4 111 010	3 407 066
31 - 60 days	2 524 544	1 938 563
61 - 90 days	2 298 890	1 601 620
91 - 120 days	2 133 809	1 589 587
120 days +	34 462 227	20 192 017
	45 530 480	28 728 853

Industrial/ commercial

Current (0 -30 days)	3 277 622	3 360 077
31 - 60 days	382 352	257 136
61 - 90 days	164 911	115 575
91 - 120 days	144 815	143 192
120 days +	4 785 266	4 479 705
	8 754 966	8 355 685

National and provincial government

Current (0 -30 days)	1 096 849	1 312 998
31 - 60 days	2 156 348	721 822
61 - 90 days	927 235	192 650
91 - 120 days	531 953	133 461
120 days +	4 324 336	3 131 380
	9 036 721	5 492 311

Total

Current (0 -30 days)	8 118 568	8 080 140
31 - 60 days	4 745 847	2 917 521
61 - 90 days	3 153 871	1 909 845
91 - 120 days	2 493 750	1 866 240
120 days +	44 851 134	27 803 102
	63 363 170	42 576 848
Less: Allowance for impairment	(47 067 153)	(19 928 049)
	16 296 017	22 648 799

Impairment:

(47 067 153) (19 928 049)

Total debtor past due but not impaired

61 - 90 days	1 242 922	1 179 988
91 - 120 days	702 054	1 053 772
120 days +	5 080 848	11 208 282
	7 025 824	13 442 042

Reconciliation of allowance for impairment

Balance at beginning of the year	(19 928 049)	(95 409 198)
Bad debts written off against allowance	2 363 738	81 765 530
Current year's impairment	(29 502 842)	(6 284 381)
	(47 067 153)	(19 928 049)

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8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 955	2 955
Bank balances	1 182 399	1 022 329
Short-term deposits	23 127 548	1 002 806
	24 312 902	2 028 090

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
FNB - 52300007898	973 292	470 091	1 182 399	1 022 329
FNB - Call account - 62374218503	22 145 771	-	22 145 771	-
ABSA - 4053048940	-	81 823	-	-
ABSA - Cheque Account - 4053623514	81 920	239 703	3 894	-
ABSA - Cheque Account - 4053099797	-	-	-	-
Standard Bank - Cheque Account - 280252013	21 394	47 709	-	-
Standard Bank - Cheque Account - 280230893	88 341	19 220	-	-
ABSA Investments - 9257114251	25 458	23 705	25 458	23 705
FNB Investments - 62374218503	-	-	-	90 388
FNB Investments - 74374220066	935 152	972 270	935 152	972 270
Investec - 1100458805501	2 938	2 938	2 938	2 938
Standard Bank - Trust fund - 3/288885537/001	-	-	-	(86 495)
Standard Bank - Money Market - 288865316-1	-	-	-	-
Standard Bank - Money Market - 288865316-2	-	-	-	-
Standard Bank - Money Market - 288865316-3	-	-	-	-
Standard Bank - Money Market - 288865316-4	-	-	-	-
Standard Bank - Money Market - 288865316-5	-	-	-	-
Standard bank - FMG Call account - 588476692/002	11 427	-	11 427	-
Standard bank - FMG Call account - 588476692/003	2 908	-	2 908	-
Total	24 288 601	1 857 459	24 309 947	2 025 135

9. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	67 783 409	-	67 783 409	67 783 409	-	67 783 409

Reconciliation of investment property - 2019

	Opening balance	Total
Investment property	67 783 409	67 783 409

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	67 783 409	67 783 409

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9. Investment property (continued)

Total Cost of investment properties	67 783 409	67 783 409
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

All of the Municipality's investment property is held under freehold interest and no investment property has been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on investment property.

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10. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	119 097 959	-	119 097 959	119 097 959	-	119 097 959
Buildings	50 069 491	(7 921 227)	42 148 264	50 069 491	(5 299 029)	44 770 462
Infrastructure	948 073 616	(161 467 627)	786 605 989	926 857 753	(112 580 183)	814 277 570
Community	11 470 802	(1 429 111)	10 041 691	11 470 802	(1 002 311)	10 468 491
Work-in-progress	93 931 271	-	93 931 271	81 293 614	-	81 293 614
Landfill sites	15 289 601	(1 496 175)	13 793 426	15 006 905	(930 971)	14 075 934
Other assets	26 361 611	(10 657 409)	15 704 202	22 889 105	(7 454 802)	15 434 303
Total	1 264 294 351	(182 971 549)	1 081 322 802	1 226 685 629	(127 267 296)	1 099 418 333

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Impairment	Additions through transfers from WIP	Depreciation	Total
Land	119 097 959	-	-	-	-	119 097 959
Buildings	44 770 462	-	-	-	(2 622 198)	42 148 264
Infrastructure	814 277 570	4 350 891	(434 705)	17 435 385	(49 023 152)	786 605 989
Community	10 468 491	-	-	-	(426 800)	10 041 691
Work-in-progress	81 293 614	30 355 738	-	(17 718 081)	-	93 931 271
Landfill sites	14 075 934	-	-	282 696	(565 204)	13 793 426
Other assets	15 434 303	3 472 505	-	-	(3 202 606)	15 704 202
	1 099 418 333	38 179 134	(434 705)	-	(55 839 960)	1 081 322 802

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Derecognition	Additions through transfers from WIP	Depreciation	Total
Land	119 097 959	-	-	-	-	119 097 959
Buildings	47 392 660	-	-	-	(2 622 198)	44 770 462
Infrastructure	829 606 971	13 931 333	(608 940)	27 523 779	(56 175 573)	814 277 570
Community	10 895 292	-	-	-	(426 801)	10 468 491
Work-in-progress	78 601 675	30 215 718	-	(27 523 779)	-	81 293 614
Landfill sites	6 445 469	8 192 677	-	-	(562 212)	14 075 934
Other assets	17 387 903	1 119 298	-	-	(3 072 898)	15 434 303
	1 109 427 929	53 459 026	(608 940)	-	(62 859 682)	1 099 418 333

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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11. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	362 563	(274 129)	88 434	362 563	(207 005)	155 558

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	155 558	(67 124)	88 434

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	251 736	(96 178)	155 558

12. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	13 452 791	-	13 452 791	13 452 791	-	13 452 791

Reconciliation of heritage assets 2019

	Opening balance	Total
Historical buildings	13 452 791	13 452 791

Reconciliation of heritage assets 2018

	Opening balance	Total
Historical buildings	13 452 791	13 452 791

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13. Other financial liabilities		
At amortised cost		
Performance security deposit- Utilities world	10 000 000	-
Performance security deposit - Utilities world	10 000 000	-
	20 000 000	-
Total other financial liabilities	20 000 000	-
The performance security deposit is repayable over a period of 24 months Interest free.		
Non-current liabilities		
At amortised cost	10 000 000	-
Current liabilities		
At amortised cost	10 000 000	-
14. Payables from exchange transactions		
Trade payables and other accruals	141 679 430	91 915 604
Payments received in advanced	453 729	453 729
Retentions	26 267	26 267
Leave pay accrual	10 211 167	9 399 976
Bonus accrual	4 726 881	4 225 388
Other payables	274 745	333 851
Debtors with credit balances	2 263 018	2 639 676
Stale cheques	9 204	9 204
Statutory and non-statutory deductions	14 584 260	12 916 677
	174 228 701	121 920 372
15. Payables from non-exchange transactions		
Prepayments of electricity	165 193	165 193
Unallocated receipts	567 716	3 089 371
Debtors with credit balances	810 490	1 957 240
	1 543 399	5 211 804
16. Consumer deposits		
Electricity	2 227 695	1 960 263
Water	1 063 200	1 010 853
Other sundry deposits	25 681	25 681
	3 316 576	2 996 797

No interest accrues on consumer deposits as Dr Beyers Naude Local Municipality is not a deposit taking entity in terms of the banking Act.

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17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant - DORA	14 846	-
Rapid Response - DWA	498 615	498 615
MSIG Grant	54 998	-
Department of Water Affairs Grant	1 088 109	1 088 109
LED Grant - Fonteinbos Project	77 359	295 463
Lotto Grant	653 319	653 319
Drought relief Grant	24 067 931	-
	26 455 177	2 535 506
Movement during the year		
Balance at the beginning of the year	2 535 507	26 295 463
Additions during the year	79 371 184	67 407 717
Income recognition during the year	(55 451 514)	(91 167 674)
	26 455 177	2 535 506

Amounts withheld and clawed back by National Treasury during the 2018 financial period amount to R12 740 000.

See note for reconciliation of grants from National/Provincial Government.

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18. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Legal proceedings	127 303	407 199	534 502
Rehabilitation of Landfill sites	21 652 000	963 000	22 615 000
	21 779 303	1 370 199	23 149 502

Reconciliation of provisions - 2018

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of landfill sites	13 903 886	7 748 114	-	21 652 000
Legal proceedings	149 255	-	(21 952)	127 303
	14 053 141	7 748 114	(21 952)	21 779 303
Non-current liabilities			22 615 000	21 652 000
Current liabilities			544 502	127 303
			23 159 502	21 779 303

Legal proceedings provisions

The legal provisions are in respect of legal fees owed by the municipality. These are expected to be paid within the next 12 months.

Rehabilitation of landfill sites

The obligation for the environmental rehabilitation results from the onus imposed by the Environmental Conservation Act no.73 of 1989 to rehabilitate landfill sites after use. Some of the sites are expected to be closed in 2022, after which rehabilitation will take place over the course of the next 9 to 10 years after which the site is expected to be fully rehabilitated. The following assumption were used when calculating the provision for landfill Site rehabilitation:

- The CPIX was used to adjust the cost as it is the only determining factor year on year.

The landfill sites are nearing the end of their useful lives, the ground and ground water on the entire site are thus considered to be contaminated and not just the portion in use, i.e. the provision provides for the cost of rehabilitating the entire site and not just the portion used up to financial year end. The entire site would need to be rehabilitated due to waste distributed across the entire site over the years since opening thereof. Thus, as provided in GRAP 19 where it states that the provision should only be raised to the extent that the costs would need to be incurred, it is considered that the full cost of rehabilitation would need to be incurred to rehabilitate the sites.

19. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan and Long service award

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Figures in Rand	2019	2018
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19. Employee benefit obligations (continued)

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(52 927 311)	(39 690 087)
Present value of long service award	(10 368 436)	(9 681 683)
	(63 295 747)	(49 371 770)
Non-current liabilities	(60 303 039)	(46 172 111)
Current liabilities	(2 992 708)	(3 199 659)
	(63 295 747)	(49 371 770)

Changes in the present value of the employee benefit obligation are as follows:

Opening balance	(52 738 204)	(49 371 770)
Benefits paid	1 467 860	1 428 860
Net expense recognised in the statement of financial performance	(16 222 316)	(4 795 294)
	(67 492 660)	(52 738 204)

Net expense recognised in the statement of financial performance

Current service cost	(2 782 721)	(2 848 006)
Interest cost	(4 589 438)	(5 316 944)
Actuarial (gains) losses	(8 850 157)	3 369 656
	(16 222 316)	(4 795 294)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,27 %	9,81 %
Consumer price inflation rate used	6,19 %	6,14 %
Health care cost inflation rate used	7,69 %	7,64 %
Net discount rate used	2,40 %	2,02 %

The PA 90-2 post-retirement mortality table used for pensioners and SA85-90 (Normal) for active employees.

Proportion married for active employees 100% of married and 90% of single in-service members and for pensioners the actual marital status is used.

Average age of Continuation pensioners as at 30 June 2019 was 71.09, with an average employer monthly contribution of R3,436.

Number of active employees: 278

Average age of active employees as at 30 June 2019 was 44.45, with an average employer monthly contribution of R3,077.

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19. Employee benefit obligations (continued)		
Defined contribution plan		
The obligation in respect of medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was performed on 30 June 2019 by One Pangaea Financial using the Projected Unit Credit Method.		
Long Service Award Provision		
The Long Service Award is payable after every 5, 10, 15, 20, 25, 30, 35, 40 and 45 years of continuous service. The provision is an estimate of the amounts likely to be paid based on an actuarial valuation performed at the reporting date.		
The actuarial valuation of the long service awards accrued liability was carried out by ONE PANGAEA expertise & solutions. The assumptions used in the valuation are outlined below:		
Key Assumptions:		
1. Salary increase rate at 5.24% (2018 - 6.37%)		
2. The mortality rate of SA 85 - 90.		
3. Normal retirement age of 65 years.		
4. Assumed retirement age is 63 years.		
5. CPI rate is 4.24% (2018 - 5.37%)		
6. Discount rate used 7.87% (2018 - 8.70%).		
7. Net Discount rate used 2.50% (2018 - 2.19%)		
20. Service charges		
Sale of electricity	102 352 797	99 192 591
Sale of water	24 966 265	20 735 296
Sewerage and sanitation charges	10 422 352	10 224 033
Refuse removal	11 517 301	7 925 626
	149 258 715	138 077 546
21. Agency services		
eNATIS Commission	1 873 578	671 174
22. Investment revenue		
Interest Earned - Outstanding Debtors		
Outstanding debtors	5 416 245	9 550 406
Interest received - Investments		
Bank	633 552	1 919 091
	6 049 797	11 469 497
23. Rental of facilities and equipment		
Premises		
Rental of facilities and equipment	855 164	788 339

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Figures in Rand	2019	2018
24. Other Revenue		
Sales - AVGAS & Paraffin	281 097	443 121
Building Plan Fees	171 796	254 216
Commission Received	241 263	205 581
Tender deposits	148 529	81 526
Connections - Electricity	810 465	1 259 367
Burial and Cemetery fees	85 048	33 805
Library Fees	37 638	36 432
Valuation Certificates	242 894	176 920
Sundry Income	3 552 427	1 017 136
	5 571 157	3 508 104

Sundry income represents a wide range of revenue items which is not considered material to warrant separate disclosure in the annual financial statements.

25. Licences and permits

Licences and permits	1 066 277	865 905
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Included above are Drivers licence fees and learners licence fees.

26. Property rates

Rates received

Residential	18 255 494	17 799 633
Commercial	683 925	646 115
State	6 691 290	6 296 512
Small holdings and farms	4 531 601	3 457 100
	30 162 310	28 199 360

Valuations

Residential	1 734 510 220	1 822 251 900
Commercial	522 570 534	505 684 354
State	469 030 900	436 151 600
Municipal	250 037 600	219 540 700
Agricultural	4 864 236 300	4 885 214 700
Exempt	180 570 746	151 480 746
Industrial	52 477 000	52 477 000
Multiple	14 480 700	15 080 700
	8 087 914 000	8 087 881 700

The Dr Beyers Naude Local Municipality has been established in terms of section 12 of the local Government Municipal structures act of 199 (Act 117 of 1998), Government Gazette No.3717. Section 7 relating to the Valuation and Supplementary rolls states that the newly established municipality must continue to apply the valuation roll, supplementary roll, property rates policy, property rates By-laws and property rates tariffs that were in force in the former areas of the merging municipalities until it adopts a new general valuation roll in terms of section 30 of the Local Government Municipality Property Act, 2004 (Act 6 of 2004)..

The new general valuation will be implemented on 01 July 2019.

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Figures in Rand	2019	2018
27. Fines, Penalties and Forfeits		
Traffic fines	20 733	79 344
28. Government grants and subsidies		
Operating grants		
Equitable share	83 278 000	77 494 000
Cacadu - Fire Grant	2 169 664	925 500
Demarcation Grant	-	10 847 000
Department of Health Grant	-	1 207 547
Department of Human Settlements Grant	-	293 168
DSRAC Libraries Grant	2 307 816	2 258 000
EPWP Integrated Grant	1 032 000	1 147 933
Financial Management Grant	6 085 000	5 945 000
Sarah Baartman District Municipality - Operational Grants	300 000	200 000
SETA Training Grant	35 245	344 554
Environmental affairs grant	2 179 082	2 554 000
Municipal Management Financial support Grant	-	1 085 000
Transitional Grant	94 075	-
COGTA - Eskom Grant	-	3 721 000
Drought Relief Grant	5 952 069	468 000
MSIG Grant	1 000 002	-
Water Conservation and Demand Grant	2 621 793	-
OTP Grant	7 749 960	-
	114 804 706	108 490 702
Capital grants		
Municipal Infrastructure Grant	16 252 154	27 388 243
Integrated National Electrification Grant	4 500 000	10 916 171
Regional Bulk Infrastructure Grant	5 048 128	16 691 568
	25 800 282	54 995 982
	140 604 988	163 486 684
Equitable Share		
Current-year receipts	83 278 000	77 494 000
Conditions met - transferred to revenue	(83 278 000)	(77 494 000)
	-	-

In terms of Section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it.

The Equitable Share grant also provides funding for the municipality to deliver free basic services to poor households and subsidise the cost of administration and other core services for the municipality.

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Figures in Rand	2019	2018
28. Government grants and subsidies (continued)		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	15 226 243
Current-year receipts	16 267 000	20 902 000
Conditions met - transferred to revenue	(16 252 154)	(27 388 243)
Amounts withheld and clawed back by National Treasury	-	(8 740 000)
	14 846	-
Conditions still to be met - remain liabilities (see note 17).		
The municipality upgraded streets, stormwater, bulk water, high mast lighting and waste water treatment works during the current financial year.		
Rapid Response Grant - DWA		
Balance unspent at beginning of year	498 615	498 615
Conditions still to be met - remain liabilities (see note 17).		
DSRAC Libraries Grant		
Current-year receipts	2 307 816	2 258 000
Conditions met - transferred to revenue	(2 307 816)	(2 258 000)
	-	-
This grant was received from the Department of Sport, Recreation, Arts and Culture. This grant is used to support the maintenance of the library.		
Department of Health Grant		
Current-year receipts	-	1 207 547
Conditions met - transferred to revenue	-	(1 207 547)
	-	-
Department of Human Settlements Grant		
Current-year receipts	-	293 168
Conditions met - transferred to revenue	-	(293 168)
	-	-
Regional Bulk Infrastructure Grant		
Current-year receipts	5 048 128	16 691 568
Conditions met - transferred to revenue	(5 048 128)	(16 691 568)
	-	-
SETA Training Grant		
Current-year receipts	35 245	344 554
Conditions met - transferred to revenue	(35 245)	(344 554)
	-	-

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Figures in Rand	2019	2018
28. Government grants and subsidies (continued)		
Financa Management Grant		
Current-year receipts	6 085 000	5 945 000
Conditions met - transferred to revenue	(6 085 000)	(5 945 000)
	-	-
The municipality utilised the grant for the employment of Financial Interns, training in line with competencies and the compilation of annual financial statements, audit improvement and mSCOA implementations.		
Integrated National Electrification Grant		
Balance unspent at beginning of year	-	6 116 170
Current-year receipts	4 500 000	4 800 000
Conditions met - transferred to revenue	(4 500 000)	(8 716 170)
Amounts withheld and clawed back by National Treasury	-	(2 200 000)
	-	-
Sarah Baartman district - Fire services Grant		
Current-year receipts	2 169 664	925 000
Conditions met - transferred to revenue	(2 169 664)	(925 000)
	-	-
Demarcation Grant		
Current-year receipts	-	10 847 000
Conditions met - transferred to revenue	-	(10 847 000)
	-	-
The municipality received R6 847 00 from National treasury (Municipal demarcation transition grant) and R4 000 000 from Provincial Cooperative Governance and Traditional Affairs department (Amalgamation grant). Both these grant are to assist the municipality with amalgamation costs, therefore have been disclosed together.		
MSIG		
Current-year receipts	1 055 000	-
Conditions met - transferred to revenue	(1 000 002)	-
	54 998	-
Conditions still to be met - remain liabilities (see note 17).		
Sarah Baartman District Municipality - Operational Grant		
Current-year receipts	300 000	200 000
Conditions met - transferred to revenue	(300 000)	(200 000)
	-	-

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28. Government grants and subsidies (continued)		
Expanded Public Works Programme Integrated Grant		
Balance unspent at beginning of year	-	1 564 933
Current-year receipts	1 032 000	1 383 000
Conditions met - transferred to revenue	(1 032 000)	(1 383 000)
Amount withheld and clawed back National Treasury	-	(1 564 933)
	<u>-</u>	<u>-</u>
This grant is used pay stipends for unemployed youths through the EPWP programme.		
Department of Water Affairs Grant		
Balance unspent at beginning of year	<u>1 088 109</u>	<u>1 088 109</u>
Conditions still to be met - remain liabilities (see note 17).		
Local Economic Development Grant - Fonteinbos Project		
Balance unspent at beginning of year	295 463	295 463
Conditions met - transferred to revenue	(218 104)	-
	<u>77 359</u>	<u>295 463</u>
Conditions still to be met - remain liabilities (see note 17).		
National Lottery Fund		
Balance unspent at beginning of year	<u>653 319</u>	<u>653 319</u>
Conditions still to be met - remain liabilities (see note 17).		
Environmental affairs grant		
Current-year receipts	2 179 082	2 554 000
Conditions met - transferred to revenue	(2 179 082)	(2 554 000)
	<u>-</u>	<u>-</u>
Financial Management Financial Support Grant		
Current-year receipts	-	1 085 000
Conditions met - transferred to revenue	-	(1 085 000)
	<u>-</u>	<u>-</u>
Transitional Grant		
Current-year receipts	87 075	-
Conditions met - transferred to revenue	(87 075)	-
	<u>-</u>	<u>-</u>

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28. Government grants and subsidies (continued)		
COGTA - Eskom Grant		
Current-year receipts	-	3 721 000
Conditions met - transferred to revenue	-	(3 721 000)
	-	-
OTP Grant		
Current-year receipts	7 749 960	-
Conditions met - transferred to revenue	(7 749 960)	-
	-	-
Water Conservation and Demand Grant		
Current-year receipts	2 621 793	-
Conditions met - transferred to revenue	(2 621 793)	-
	-	-
Drought Relief Grant		
Current-year receipts	30 020 000	468 000
Conditions met - transferred to revenue	(5 952 069)	(468 000)
	24 067 931	-
Conditions still to be met - remain liabilities (see note 17).		
29. Public contributions and donations		
Sarah Baartman District Municipality	6 920 279	6 700 492

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30. Employee related costs		
Basic	115 418 633	100 826 857
Bonus	8 310 591	7 385 867
Medical aid - company contributions	5 848 532	5 340 680
Unemployment Insurance Fund	848 823	810 531
Workmens Compensation	-	717
Skills Development Levy	1 378 925	1 272 499
Other payroll levies	56 547	52 099
Pension fund contributions	18 259 315	14 316 238
Travel, motor car, accommodation, subsistence and other allowances	2 192 427	1 774 638
Overtime payments	5 766 925	4 835 999
Housing benefits and allowances	1 250 325	1 182 051
Overall allowances	17 199	361 115
	159 348 242	138 159 291
Remuneration of Municipal Manager		
Annual Remuneration	1 060 414	960 897
Contributions to UIF, Medical and Pension Funds	1 784	1 487
Allowances	184 800	267 903
	1 246 999	1 230 287
Remuneration of Chief Finance Officer		
Annual Remuneration	1 100 706	870 181
Allowances	40 800	34 000
Contributions to UIF, Medical and Pension Funds	1 784	1 487
	1 143 290	905 668
Remuneration of Acting Director - Corporate Services		
Annual Remuneration	485 004	804 382
Allowances	275 902	145 200
Contributions to UIF, Medical and Pension Funds	1 785	1 636
	762 691	951 218
Remuneration of the Director - Planning and Engineering		
Annual Remuneration	1 115 837	890 111
Allowance	160 800	120 000
Contributions to UIF, Medical and Pension Funds	115 963	63 049
	1 392 600	1 073 160
Remuneration of Director - Community Services		
Annual Remuneration	933 169	750 181
Allowances	184 800	154 000
Contributions to UIF, Medical and Pension Funds	1 784	1 487
	1 119 753	905 668

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31. Remuneration of councillors

Councillors 9 369 934 9 324 299

In-kind benefits

Councillors	Remuneration	Allowances	Total
			2019
Mayor - Cllr D.W.S. De Vos	496 650	367 539	864 189
Speaker - Cllr T.L. Nonnies	281 157	302 921	584 078
Executive Committee - Cllr P.W. Koeberg	258 505	128 903	387 408
Executive Committee - Cllr S.J. Graham	231 460	118 057	349 517
Executive Committee - Cllr N.P. Vanda	258 505	128 903	387 408
Executive Committee - Cllr E.L. Look	258 505	128 903	387 408
MPAC Chairperson - Cllr W.J. Safers	250 917	126 423	377 340
Cllr D. Williams	195 519	108 314	303 833
Cllr E.A. Ruiters	195 519	108 314	303 833
Cllr W.Z. Le Grange	195 519	108 314	303 833
Cllr A. Mboneni	195 519	108 314	303 833
Cllr E.A. Carolus	195 519	108 314	303 833
Cllr A. Booysen	195 519	108 314	303 833
Cllr H. Booysen	195 519	108 314	303 833
Cllr B.W. Seekoei	195 519	108 314	303 833
Cllr L.M. Botha	128 121	80 999	209 120
Cllr K. Hoffman	195 519	108 314	303 833
Cllr X.N. Galada	195 519	108 314	303 833
Cllr G.C. Mackelina	195 519	108 314	303 833
Cllr T.M. Tshona	195 519	108 314	303 833
Cllr R.B. Jacobs	195 519	108 314	303 833
Cllr P. Bees	195 519	108 314	303 833
Cllr L.L. Langeveldt	195 519	108 314	303 833
Cllr A. Arries	195 519	108 314	303 833
Cllr D.J. Bezuidenhout	195 519	108 314	303 833
Cllr E.V.R. Rossouw	195 519	108 314	303 833
Cllr J.J. Williams	195 519	108 314	303 833
Cllr R.L. Smith	32 429	18 210	50 639
	5 911 110	3 458 824	9 369 934

Councillors	Remuneration	Allowances	Total
			2018
Mayor - Cllr D.W.S. De Vos	477 548	362 763	840 311
Speaker - Cllr T.L. Nonnies	382 039	299 090	681 129
Executive Committee - Cllr P.W. Koeberg	249 764	127 655	377 419
Executive Committee - Cllr S.J. Graham	249 764	127 655	377 419
Executive Committee - Cllr N.P. Vanda	249 764	127 655	377 419
Executive Committee - Cllr E.L. Look	249 764	127 655	377 419
MPAC Chairperson - Cllr W.J. Safers	242 432	125 211	367 643
D Williams	188 908	107 369	296 277
EA Ruiters	188 908	107 369	296 277
WZ Le Grange	188 908	107 369	296 277
A Mboneni	188 908	107 369	296 277
EA Carolus	188 908	107 369	296 277
A Booysen	188 908	107 369	296 277
H Booysen	188 908	107 369	296 277
BW Seekoei	188 908	107 369	296 277
LM Botha	188 908	107 369	296 277
K Hoffman	188 908	107 369	296 277
XN Galada	188 908	107 369	296 277
GC Mackelina	188 908	107 369	296 277

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31. Remuneration of councillors (continued)		
TM Tshona	188 908	107 369
RB Jacobs	188 908	107 369
P Bees	188 908	107 369
LL Langeveldt	188 908	107 369
A Arries	188 908	107 369
DJ Bezuidenhout	188 908	107 369
EVR Rossouw	188 908	107 369
JJ Williams	188 908	107 369
	5 879 235	3 445 064
		9 324 299
The Remuneration of Councillors is based on the upper limit as per the Government Gazette.		
32. Debt impairment		
Debt impairment	29 094 758	8 717 237
Bad debts written off	7 965 512	1 359 667
	37 060 270	10 076 904
Debt impairment is an assessment of the amounts that will not be recovered from the debtors, based on the municipality's policy.		
33. Depreciation and amortisation		
Property, plant and equipment	55 839 988	62 859 682
Intangible assets	67 125	96 178
	55 907 113	62 955 860
34. Impairment loss		
Impairments		
Property, plant and equipment	434 705	-
During the year, items of property, plant and equipment were impaired due to loss and damage of assets.		
35. Finance costs		
Long service award	760 193	880 104
Post employment medical benefit	3 829 245	3 676 697
Trade and other payables	2 398 541	2 681 658
	6 987 979	7 238 459
36. Bulk purchases		
Electricity	89 282 025	81 207 643

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37. General expenses		
Adjustment for provision of landfill sites obligation	1 070 524	7 748 114
Advertising	612 066	750 727
Audit committee	141 310	106 499
Auditors remuneration	5 481 234	6 957 827
Bank charges	739 410	984 432
Cleaning	2 478 209	3 853 823
Commission paid	224 697	919 825
Conferences and seminars	4 970 781	22 407 438
Consumables	562 628	661 070
Delivery expenses	1 155 111	631 757
Entertainment	17 893	115 935
Insurance	1 284 307	1 055 658
Inventory losses and write downs	915 977	18 178
Legal fees	1 910 554	785 707
Levies	94 219	89 880
Motor vehicle expenses	5 861 796	5 221 599
Municipal service charges	17 490 733	18 003 542
Postage and courier	905 369	873 109
Project maintenance costs	9 637	174 614
Repairs and Maintenance	6 491 591	7 323 818
Staff welfare	16 209	17 614
Subscriptions and membership fees	1 554 219	1 463 534
Telephone and fax	4 004 094	3 905 718
Testing samples	453 425	576 724
Training	1 016 815	337 109
Travel and subsistence	2 871 185	3 358 406
	62 333 993	88 342 657
38. Contracted services		
Accounting Services	854 614	-
Consultancy Services	5 617 346	2 067 731
Contracted services	8 617 903	3 897 685
	15 089 863	5 965 416
39. Gain/ (loss) on disposal of assets and liabilities		
Loss on disposal of property, plant and equipment	583 068	(598 840)
40. Acturial (loss)/ gain and release from obligation		
Acturial (loss) / gain	(8 820 185)	3 369 656
Release from obligation	152 238	187 288
	(8 667 947)	3 556 944

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41. Cash generated from operations

Deficit	(101 522 513)	(45 631 038)
Adjustments for:		
Depreciation and amortisation	55 907 113	62 955 860
Gain on sale of assets and liabilities	417 536	598 840
Bad debts	37 060 270	10 076 904
Changes in working capital:		
Inventories	1 251 492	(490 573)
Receivables from exchange and non-exchange	(29 550 848)	(11 176 234)
Other Receivables	-	(12 500 610)
Payables from exchange transactions	44 957 202	39 856 863
VAT	(11 553 733)	(2 131 066)
Unspent conditional grants and receipts	23 919 671	(23 759 956)
Consumer deposits	319 780	85 732
Provision and employee benefits	15 294 176	10 332 453
	36 500 146	28 217 175

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42. Prior period errors

During the year the following errors were discovered in both the annual financial statements submitted in the prior year and the financial accounting system. These errors have been corrected retrospectively through restatements of prior year through journals in the financial accounting system and through correcting the misrepresented prior year column on the annual financial statements.

RECEIVABLES FROM EXCHANGE TRANSACTIONS: The error was as a result of impairment of debtors being incorrectly calculated. Therefore that error has been corrected in the current year. Also a reclassification was done to ensure consumer debtors are mapped alone separately from other receivables.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS: There was a reclassification done to ensure property rates are mapped separately from other receivables.

OTHER RECEIVABLES: There was a reclassification done to ensure consumer debtors are not mapped together with other receivables.

CASH AND CASH EQUIVALENTS: The error was as a result of statutory and non statutory deduction being processed through the cashbook while they were outstanding at year -end. Therefore a correction journal has been passed to move them to payables from exchange transactions as accruals at year end.

PROPERTY, PLANT AND EQUIPMENT: The adjustment is as a result of adjusting the opening balance of prior year infrastructure assets due to capitalisation of infrastructure which were completed in the 2016/17 financial period but were never capitalised. Another adjustment was done to capitalised infrastructure assets which were completed in the 2017/18 financial period.

PAYABLES FROM EXCHANGE TRANSACTIONS: As a result of challenges experienced during amalgamation, creditors have been stated as provisional amounts. However in the current period those creditors have been corrected, thus prior period journals have been passed correcting both the opening balance and closing balance of creditors..

BANK OVERDRAFT: The error was as a result of statutory and non statutory deduction being processed through the cashbook while they were outstanding at year -end. Therefore a correction journal has been passed to move them to payables from exchange transactions as accruals at year end.

VAT RECEIVABLES: The adjustment is as a result of prior year incorrect creditors being corrected via a journal.

SERVICES CHARGES: This adjustment was a result of reclassifying indigent subsidy balances which were incorrectly mapped in general expenditure instead of reducing the revenue raised.

FINES, PENALTIES AND FORFEITS: This adjustment was as a result of reclassifying fines which were incorrectly mapped as other income in prior year financial statements.

Release from obligation: This is resulting from debt that has prescribed in prior year, however was never taken into account. Therefore a correction journal has been passed to correct the error.

DEBT IMPAIRMENT: The adjustment is as a result of an error on the impairment journal that was passed into the system prior year. This has been corrected by reversing the incorrect journal and passing the correct one.

DEPRECIATION AND AMORTISATION: The adjustment is as a result of adjusting the opening balance of prior year infrastructure assets due to capitalisation of infrastructure which were completed in the 2016/17 financial period but were never capitalised. Another adjustment was done to capitalised infrastructure assets which were completed in the 2017/18 financial period. Therefore this had some depreciation implications.

EMPLOYEE RELATED COSTS: In prior year annual financial statements, Basic salaries and Wages were disclosed separately in the note. However upon further review it was noted that the municipality does not have wages only salaried staff. Therefore these have been disclosed together in the current year Annual Financial statements.

ACTUARIAL GAIN/ (LOSS): In prior year annual financial statements, Actuarial gains/ losses were disclosed under Revenue from exchange transaction. This has been corrected in the current year and Actuarial gains/ losses have been disclosed separately.

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42. Prior period errors (continued)

The correction of the error(s) results in adjustments as follows:

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42. Prior period errors (continued)

STATEMENT OF FINANCIAL POSITION

	Previously reported	Correction of error	Reclassification	Restated 2018
VAT Receivable	2 263 501	(132 435)	-	2 131 066
Inventories	6 943 507	-	-	6 943 507
Other Receivables	4 500 627	(2 895 430)	2 111 534	3 716 731
Receivables from non-exchange transactions	5 437 406	-	(337 220)	5 100 186
Receivables from exchange transactions	28 874 343	(4 451 230)	(1 774 314)	22 648 799
Cash and cash equivalents	1 005 761	1 022 329	-	2 028 090
Total current assets	49 025 145	(6 456 766)	-	42 568 379
Investment property	67 783 409	-	-	67 783 409
Property, plant and equipment	1 099 664 216	(245 883)	-	1 099 418 333
Intangible assets	155 558	-	-	155 558
Heritage assets	13 452 791	-	-	13 452 791
Total Non-current assets	1 181 055 974	(245 883)	-	1 180 810 091
TOTAL ASSETS	1 230 081 119	(6 702 649)	-	1 223 378 470
Liabilities				
Payables from exchange transactions	(121 479 437)	(366 608)	-	(121 846 045)
Payables from non-exchange transactions	(5 211 804)	-	-	(5 211 804)
Bank overdraft	(11 894 348)	11 894 348	-	-
Consumer deposits	(2 996 796)	-	-	(2 996 796)
Unspent conditional grants and receipts	(2 535 507)	-	-	(2 535 507)
Provisions	(127 303)	-	-	(127 303)
Employee benefits	(3 199 659)	-	-	(3 199 659)
Total current liabilities	(147 444 854)	11 527 740	-	(135 917 114)
Provisions	(21 652 000)	-	-	(21 652 000)
Employee benefits	(46 172 111)	-	-	(46 172 111)
Total Non-current liabilities	(67 824 111)	-	-	(67 824 111)
	(67 824 111)	-	-	(67 824 111)
TOTAL ASSETS	1 230 081 119	(6 702 649)	-	1 223 378 470
TOTAL LIABILITIES	(215 268 965)	11 527 740	-	(203 741 225)
NET ASSETS	1 014 812 154	4 825 091	-	1 019 637 245
Accumulated surplus	1 014 812 154	4 825 091	-	1 019 637 245

STATEMENT OF FINANCIAL PERFORMANCE

	Previously reported	Correction of error	Reclassification	Restated 2018
Property rates	31 809 377	(96 730)	(3 513 287)	28 199 360
Service charges	153 904 529	(876 356)	(14 950 627)	138 077 546
Fines, Penalties and forfeits	78 849	-	495	79 344
Government grants and Subsidies	170 187 176	-	-	170 187 176
Agency services	671 174	809 051	-	1 480 225
Interest received	9 550 406	(22 487)	-	9 527 919
Interest received - Investment	1 919 091	-	-	1 919 091
Rental of facilities and equipment	788 339	9 900	-	798 239
Other income	3 118 956	-	389 148	3 508 104
Licences and permits	865 905	38 478	-	904 383

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42. Prior period errors (continued)

Total Revenue	372 893 802	(138 144)	(18 074 271)	354 681 387
Employee costs	(138 171 291)	-	12 000	(138 159 291)
Remuneration of councillors	(9 324 299)	-	-	(9 324 299)
Debt impairment	(5 625 674)	(4 451 230)	-	(10 076 904)
Depreciation and amortisation	(62 710 848)	(245 011)	-	(62 955 859)
Finance costs	(7 228 759)	(9 700)	-	(7 238 459)
Bulk purchases	(81 207 643)	-	-	(81 207 643)
General expenses	(110 752 250)	2 094 939	20 314 654	(88 342 657)
Contracted services	(3 897 685)	173 711	(2 241 442)	(5 965 416)
Loss on disposal of assets and liabilities	(598 840)	-	-	(598 840)
TOTAL EXPENDITURE	(419 517 289)	(2 437 291)	18 085 212	(403 869 368)
Deficit for the year before:	(46 623 487)	(2 552 948)	-	(49 176 435)
Actuarial gain/ (Loss) for the year	3 369 656	-	-	3 369 656
Release from obligation	-	187 288	-	187 288
Deficit for the year	(43 253 831)	(2 365 660)	-	(45 619 493)

CASH FLOW STATEMENT

	Previously stated	Correction of error	Reclassification	Restated 2018
Government grants and subsidies	170 187 176	-	-	170 187 176
Rates and services	160 744 795	2 054 959	(19 435 148)	143 364 606
Interest income	11 469 497	-	-	11 469 497
Other receipts	8 892 879	1 411 693	-	10 304 572
	351 294 347	3 466 652	(19 435 148)	335 325 851
Employee cost	(147 495 590)	2 457 618	12 000	(145 025 972)
Suppliers	(181 269 679)	7 002 106	19 423 328	(154 844 245)
Finance cost	(7 228 759)	(9 700)	-	(7 238 459)
Net cash flows from operating activities	15 300 319	12 916 676	180	28 217 175
Cash flow from investing activities				
Purchase of property, plant and equipment	(53 459 027)	-	-	(53 459 027)
Proceeds from sale of property, plant and equipment	10 100	-	-	10 100
Net cash flows from Financing activities	(53 448 927)	-	-	(53 448 927)
Cash flow from Financing activities				
Movement from Finance lease	(194 770)	-	-	(194 770)
Net increase/(decrease) in cash and cash equivalents	(38 343 198)	12 916 676	-	(25 426 522)
Cash and cash equivalents at the beginning of the year	27 454 611	-	-	27 454 611
Cash and cash equivalents at the end of the year	(10 888 587)	12 916 676	-	2 028 089

Accumulated Surplus/ Deficit

Cash and cash equivalents	12 916 677
Receivables from exchange transactions	(828 122)
VAT Receivable	(132 435)
Property, plant and equipment	(245 883)
Payables from exchange transactions	(6 885 147)
Revenue from exchange transactions	(145 873)
Revenue from non-exchange transactions	96 730
Expenditure	2 426 350
	7 202 297

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43. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	46 869 135	42 604 738
Total capital commitments		
Already contracted for but not provided for	46 869 135	42 604 738
The committed expenditure relates to Infrastructure and will be financed by Government Grants and own resources.		
44. Unauthorised expenditure		
Opening balance	182 219 561	164 449 999
Add: Unauthorised expenditure - current year	124 204 689	17 769 562
	306 424 250	182 219 561
45. Fruitless and wasteful expenditure		
Opening balance	8 431 856	6 788 949
Add: Fruitless and wasteful expenditure - current year	7 813 364	1 642 907
	16 245 220	8 431 856
Details of Fruitless and Wasteful Expenditure		
Interest charged by Telkom	75 791	22 352
Interest charged by Auditor General	208 986	-
Interest Charged by Eskom	5 618 377	646 891
SARS penalties	1 665 155	959 104
Intelligent irrigation	13 932	-
Government Printing works	6 909	-
Penalties charged by SALA Pension Fund	162 272	10 179
Penalties charged by LA Retirement Fund	118	-
Interest charged by Zaaymans Garage	-	184
Interest charged by Piet Viljoen Motors	14 504	4 197
Interest charged by TAC Wholesale and supply	320	-
Interest charge by XIPE Totec Technologies - XTT	158	-
Interest charged by SUPA Quick	8 702	-
Interest charged by Rural Development and Land Reform	30	-
Interest charged by REVCO	21 444	-
Interest charged by Mesh Steel and Weld	16 433	-
Interest charged by Prodiba	29	-
Interest charged by Midland Ford garage	68	-
Interest charged by Hardware & building supplies	136	-
	7 813 364	1 642 907
46. Irregular expenditure		
Opening balance	140 863 736	130 596 091
Less: reclassification of amount included in opening balance	-	(40 026 722)
Less: Amount written off by council	(79 432 784)	-
Add: Irregular Expenditure - current year	24 192 942	50 294 367
	85 623 894	140 863 736

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47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services to the value of R10 849 258 were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Incidents

Deviations due to Emergency procurement	937 373
Deviations due to Sole supplier procurement	2 530 811
Deviations due to impracticality of following SCM processes	7 381 074
	10 849 258

48. Related parties

Relationships

Mayor	Clr D.W.S De Bos
Speaker	Clr T.L Nonnies
Executive Committee	Clr P.W Koeberg
Executive Committee	Clr S.J Graham
Executive Committee	Clr N.P Vanda
Executive Committee	Clr E.L Loock
MPAC Chairperson	Clr W.J Safers
Councillor	Clr D. Williams
Councillor	Clr E.A Ruiters
Councillor	Clr W.Z Le Grange
Councillor	Clr A Mboneni
Councillor	Clr E.A Carolus
Councillor	Clr H Booysen
Councillor	Clr A Booysen
Councillor	Clr B.W Seekoei
Councillor	Clr L.M Botha (Resigned during the year)
Councillor	Clr K Hoffman
Councillor	Clr X.N Galada
Councillor	Clr G.C Mackelina
Councillor	Clr T.M Tshona
Councillor	Clr R.B Jacobs
Councillor	Clr P Bees
Councillor	Clr L.L Langeveldt
Councillor	Clr A Arries
Councillor	Clr D.J Bezuidenhout
Councillor	Clr E.V.R Rossouw
Councillor	Clr J.J Williams
Councillor	Clr R.L Smith (Appointed during the year)
Municipal Manager	Dr. E.M Rankwana
Chief Financial Officer	H Kok
Director of planning and engineering services	W.I Berrington
Acting Director of Corporate Services	Z. Kali
Acting Director of Community Services	S.L Mvunelwa
District Municipality which Dr Beyers Naude Local Municipality is a part of:	Sarah Baartman District Municipality
Name of related person and designation:	Description of related party relations:

Dr Beyers Naude Local Municipality

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48. Related parties (continued)

Piet Bees - Councillor

Clive Warner - Assistant Manager

Ivan Japha - Law enforcement Officer

Logan Cudjoe - Accountant expenditure

Rory Boggenpoel - Manager

Hildegaard Wessels - HR Officer: Recruitment

Ivor Berrington - Director: Planning and Engineering

Melanie Berrington - Administration Officer

Colin Abels - Health Practitioner

Surayda Kemp - Official

Cheslyn Bezuidenhout - Official

Wakz Tyre Trading repairs - Member

Ezamampinga Construction - Member

Electrical Motor Rewinders - Son

Japha Transport - Owner

RAC Transport - Spouse

RBG Ithema - Owner

Camdeboo Funeral services - Director/Partner

Berrington Family Trust & Uitkomst Trust - Trustee

Berrington Family Trust & Uitkomst Trust - Trustee

Welkom Yizani - Shareholder

Vivians Enterprise - Belongs to mother

C.E.B Transport & CEB Harvest Foundation - Owner

The mayor and councillors only received remuneration as set out in Note 26. Rates and municipal services were in line with other customers, see note 6.

The Section 57 managers only received remuneration as set out in Note 25. Rates and municipal services were in line with other customers.

All councillors and employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

All related government entities transactions, including the district municipality, such as rates and municipal services were in line with government legislation.

Related party transactions

Purchases from (sales to) related parties

Electrical Motor Rewinder

Vivians Enterprise

- 410 250

- 3 200

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

49. Risk management

Financial risk management

Liquidity risk

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

Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Other receivables	3 681 027	3 716 731
Receivables from non-exchange transactions	3 856 579	5 100 186
Receivables from exchange transactions	16 296 017	22 648 799
Cash and cash equivalents	24 312 902	2 028 090
Payables from exchange transactions	(174 136 370)	(121 846 045)
Payables from non-exchange transactions	(1 543 399)	(5 211 804)

Dr Beyers Naude Local Municipality

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49. Risk management (continued)

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Interest rate risk is managed by investing any surplus funds into high yield investments. The resultant interest earned is likely to offset interest paid, as both are linked to prime rates..

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	6 861 042	5 726 571
Current year subscription / fee	1 461 269	1 334 471
Amount paid - current year	(1 341 406)	(200 000)
	6 980 905	6 861 042

PAYE and UIF

Opening balance	6 412 507	-
Current year payroll deductions	24 431 630	19 735 646
Amount paid - current year	(25 238 548)	(13 323 139)
	5 605 589	6 412 507

Pension and Medical Aid Deductions

Opening balance	1 676 140	-
Current year payroll deductions	36 248 410	18 675 055
Amount paid - current year	(30 441 188)	(16 998 915)
	7 483 362	1 676 140

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019

	Outstanding more than 90 days R	Total R
Cllr D Williams	1 277	1 277
Cllr G.C Mackelina	3 419	3 419
Cllr N.E.M Jankovich	222	222
Cllr T.L Nonnies	4 079	4 079
Cllr W.Z Le Grange	2 369	2 369
Cllr B.W Seekoei	3 268	3 268
Cllr H Booysen	2 965	2 965
Cllr E.V.R Rossouw	7 088	7 088
Cllr D.J Bezuidenhout	977	977
	25 664	25 664

30 June 2018

	Outstanding more than 90 days R	Total R
Cllr G.C Mackelina	2 979	2 979
Cllr A Booysen	4 771	4 771
Cllr T.L Nonnies	2 119	2 119
Cllr P.W Koeberg	695	695
Cllr P Bees	132	132
Cllr E.V.R Rossouw	4 440	4 440
	15 136	15 136

51. Distribution losses - Electricity

Electricity losses (units)

Electricity units (kWh) purchased from Eskom	88 242 797	85 756 113
Electricity units (kWh) sold to customers	(76 028 159)	(60 485 078)
	12 214 638	25 271 035

Electricity losses occur due to inter alia, technical and non-technical losses. (Technical losses - Inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections).

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported. Electricity losses for the financial year is 13.84% (2018 - 26.47%) of purchased electricity. The Rand value of the electricity losses for the period ending 30 June 2019 is R13 253 837.

Dr Beyers Naude Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
52. Distribution losses - Water		
Water losses (units)		
Balance at the beginning of the year in reservoirs and pipes	35 131	38 398
Water Units produced	4 730 638	3 996 783
Water Units sold	(3 325 986)	(2 951 305)
Balance at the end of the year in reservoirs and pipes	(35 131)	(35 131)
	1 404 652	1 048 745

Water losses occur due to inter alia, leakages, tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections.

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported. Water losses for the financial period amounted to 29.69% (2018 - 26.22%) of water produced. The Rand value of the water losses for the period ending 30 June 2019 is R8 574 989.

53. Contingencies

Contingencies arise from pending litigation on contractual disputes and damage claims. As the conclusion of the process is dependent on the setting of the dates by the respective courts, the timing of the economic outflow is therefore uncertain:

Minister of water and Sanitationi (EX CLM) vs Dr Beyers Naude Local Municipality - A claim by the Minister of Water & Sanitation instituted Action against the municipality for water use charges. Municipality is unaware and cannot reconcile the alleged amounts owing. The matter will be defended.

YL Booysen vs Dr Beyers Naude Local Municipality - A claim by YL Booysen in terms of a Section 3 Notice. Alleging and claiming Damages for alleged infringement of her dignitas and fama. She is an employee of the municipality.

Phil-ANN Erasmus (EX Ikwezi) vs Dr Beyers Naude Local Municipality - A claim by Phil-Ann Erasmus was instituted against former Ikwezi Municipality and Mr Jack (employee) in 2016 for alleged damages and she obtained judgement in her favour on the merits against the municipality and employee Mr Jack on 31 March 2016 and now the Plaintiff wishing to amended the amount of damages upwards due various reasons.

Vincemus Investments (Pty) Ltd t/a Kempston vehicle leasing vs Dr Beyers Naude Local Municipality - The claim is against former Ikwezi Municipality for vehicle leasing monies owed and damages.

MD Business Solutions (Pty) Ltd t/a Massive Dynamix vs Dr Beyers Naude Local Municipality - The claim is against former Ikwezi Municipality for monies owed.

Miss E. Botha vs Dr Beyers Naude local Municipality - A claim by Miss E. Botha in terms of a Section 3 Notice, alleging and claiming damages resulting from the alleged negligence of Employees of the Municipality with regards to stray animals/ breach of duty.

MR A Witbooi vs Dr Beyers Naude Local Municipality - A claim by Mr A. Witbooi in terms of a Section 3 Notice, alleging and claiming damages due to fire damages..

JH Vermaak vs Dr Beyers Naude Local Municipality - A claim by JH Vermaak claiming damages for tripping and falling and getting injured on the Municipal pavement in Jansenveille.

The table below summarises the potential financial impact of the law suits:

Dr Beyers Naude Local Municipality

(Registration number EC 101)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
53. Contingencies (continued)		
Minister of water and sanitation vs Dr Beyers Naude Local Municipality	720 320	
YL Booyesen vs Dr Beyers Naude Local Municipality	210 000	
Robert Alexander vs Dr Beyers Local Municipality	26 988	
Phil-Ann Erasmus vs Dr Beyers Naude Local Municipality	8 129 575	
Vincemus Investments Pty (Ltd) t/a Kempton vehicle leasing vs Dr Beyers Naude Local Municipality	1 298 640	
MD Business Solutions Pty(Ltd) vs Dr Beyers Naude Local Municipality	1 938 000	
Miss E. Botha vs Dr Beyers Local Municipality	86 650	
Mr A Witbooi vs Dr Beyers Naude Local Municipality	7 241	
JH Vermaak vs Dr Beyers Naude Local Municipality	650 000	
		13 067 414

54. Events after the reporting date

The municipality disposed of a group of assets on 10 July 2019 at a public auction. The total proceeds of the disposal amounts to R681,281 after taking into consideration commission to auctioneer.

55. Going concern

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

The municipalities current liabilities exceeds current year assets by R157 594 444 (2018 - R90 453 305). However, the ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality from national and provincial government. The municipality is mostly dependent on government grant to execute its legislative services to the community.

ANNEXURE 2 –



Dr. Beyers Naudé

MUNICIPALITY | MUNISIPALITEIT | UMASIPALA

rising together for development

ANNUAL PERFORMANCE REPORT

**DR. BEYER'S NAUDE LOCAL
MUNICIPALITY**

2018/2019



**ANNUAL
PERFORMANCE
REPORT
(YEAR ENDED
30TH JUNE 2019)**

This Annual Performance Report is drafted in terms of Section 46 of the Local Government: Municipal Systems Act, 32 of 2000. The Annual Performance Report 2018/2019 is based on reported information only, and is un-audited. The report is subject to change during and after the audit from the Auditor-General of South Africa (AGSA).

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INTRODUCTION

The function of Performance Management within the municipality is performed in the office of the municipal manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) through the SDBIP. Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the municipality and its administration. These indicators pin point areas of focus for each financial year and are included in the IDP. Once approved the IDP is married to the budget in a document called the Service Delivery and Budget Implementation Plan (SDBIP) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then used to develop agreed performance plans for the Municipal Manager and Directors which should be evaluated quarterly.

The Annual Performance Report is hereby submitted to the Dr. Beyer's Naude Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular No.11

This report covers the performance information from 01 July 2018 to 30 June 2019 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Integrated Development Plans (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Service Delivery and Budget Implementation Plan (SDBIP) for 2018/2019.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. This report will also endeavor to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic key Performance Areas for local government, which are (1) Basic Service Delivery; (2) Local Economic Development; (3) Municipal Institutional Transformation and Development; (4) Municipal Financial Viability and Management and (5) Good Governance and Public Participation.

In Summary

In summary the purpose of this report is as follows:

- To analyze the Capital Budget Projects status at the end of the financial year of 2018/19
- To track quarterly progress against the targets set in the SDBIP. This will intern inform decision making and future goal setting
- To identify problems regarding performance of implementing Capital Budget Projects and Service Delivery Targets, with a view to obtain solutions

- To determine whether the objectives and strategies of the IDP has been met.
- To report on the overall Governance, Service Delivery and Supply Chain Management Performance of the Municipality.

LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000. Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.” Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and Organizational performance.

MUNICIPAL OVERVIEW

Dr Beyers Naudé Local Municipality, the third largest Local Municipality in the country, is well-positioned as a portal to the mystical Karoo, in a region renowned for its pristine natural environment, rich heritage, diverse peoples and cultures. The vast area (28,653 km² in extent) includes the towns of Graaff-Reinet, Willowmore, Aberdeen, Jansenville, Steytlerville, Nieu-Bethesda, Klipplaat and Rietbron; plus a number of smaller settlements and surrounding farms. It boasts several very popular tourist attractions, beautiful landscapes and a healthy climate. The town of Graaff-Reinet, 4th oldest in South-Africa and referred to as the “Gem of the Karoo”, is a hub of agri-tourism activity; it is the seat of the Municipal Council and is the centre where the biggest concentration of the population lives and works. The second largest town is Willowmore, also with a strong and vibrant tourism and agricultural sector. Willowmore should be viewed as a strategically situated centre for managing and co-ordinating service-delivery and public participation in the southernmost part of the Municipal area.

Dr Beyers Naudé LM was established as a result of a merger between the former Municipalities of Camdeboo, Ikwezi and Baviaans – on 8 August 2016 – after

the Local Government Elections held on 3 August 2016. Geographically the new Municipality makes up 49.19% of the Sarah Baartman District Municipality's landmass, with a low population density of 2.8 persons per km², which is much lower than the District average of 7.7 persons per km². The area is characterised by large tracts of commercial farmlands that are sparsely populated. The most densely populated areas are found in and around the established main towns. There are vast distances between main centres; some of the smaller towns and settlements can only be reached by unsurfaced (gravel) roads, not all of which are being maintained on a regular basis. The most difficult areas to access are situated within the Baviaanskloof. The towns in the region have their own unique dynamics and attractions that draw visitors from far and wide, many of whom have made this their home. Well-known personalities that have carved a niche in our country's history and are closely associated with the Dr Beyers Naudé LM, include the likes of Robert Mangaliso Sobukwe, Dr Anton Rupert & Dr Beyers Naudé, Rev. Andrew Murray, Prof James Kitching, Athol Fugard, Anna Neethling Pohl, DF Malan, Helen Martins, Andries Pretorius...

Key features of the area include :

Agriculture

Biggest mohair producer in South Africa, wool and red meat production (sheep, beef, goats), poultry, game and crop farming.

Public Amenities

Libraries; sport, recreational and educational facilities; banks & post offices in the main centres.

Health Care Facilities

Primary Health Care clinics in most towns, hospitals and other medical facilities in the larger towns and mobile clinics servicing rural areas.

Commerce & Industry

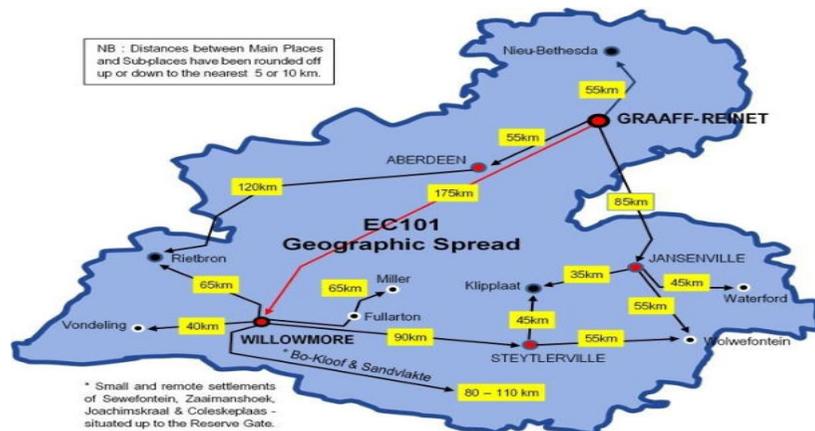
Mostly small businesses in most of the towns, with some larger industry and government departments in the bigger towns, such as Graaff-Reinet.

Infrastructure & Services

Good infrastructure and basic services (water, electricity, sanitation and refuse removal) in urban areas, with free basic services and subsidized support to qualifying indigent households.

Being situated in an arid area within the Sarah Baartman District, Dr Beyer's Naudé LM faces many challenges, the biggest of which is water. Aberdeen and Nieu-Bethesda are in the fortunate position of having perennial springs that supply adequate and good quality water, which is used for both domestic consumption and irrigation. Graaff-Reinet gets its supply from the Nqweba Dam; when dry, the town is dependent on borehole water ~ an unreliable source as the water table drops drastically when the rain stays away. Other towns, such as Willowmore is supplied with water from Wanhoop which is a private property, and Council needs to resolve on water problems in Willowmore related to Wanhoop. Water quality is a problem in areas, such as Jansenville. The lack of a sustainable and permanent water supply is probably the most inhibiting factor in the area's economic development, as it restricts both agricultural and industrial activities.

Of particular concern is how the vast geographic spread of the new Municipal area has impacted on the delimitation of Ward boundaries, placing towns and settlements that are not only huge distances apart, but have wholly different situations and needs, in the same Ward; making Community-based planning and service delivery very challenging for the new Municipality and its Ward Councillors. Some towns and settlements in the split Wards are also spatially divided by geographic features such as mountains, rivers and farms, and are not connected to each other by direct routes; some are more than 50 kilometres apart. Even the Camdeboo National Park appears to now straddle two Wards, namely 2 and 7 and the Camdeboo National Park / Mountain Zebra National Park Protected Environment, currently 268,000 hectares in extent, is a good example of a cross-boundary partnership. The Protected Environment straddles two Local and two District Municipal area



PERFORMANCE MANAGEMENT OVERVIEW

In order to improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions;

- Key performance indicators has been reviewed and the SMART principle has been applied, so that there is effective monitoring and measurement of Key performance indicators.
- The Performance Management Policy that is the guiding tool for the Municipality has been reviewed and approved by the Dr. Beyers Naude Municipality Council.
- There is a key performance indicator column added to Capital Budget Projects so that projects are more clearly defined.
- Within the scorecard sent out quarterly for performance evaluations, a column provision has been made for targets not met or lagging behind.
- The Performance Management is in the process of being cascaded to Management level with in the Municipality and the intention is that individual performance will be evaluated in the 2019/2020 financial year.

	Performance Management guiding policy	All s57/56 Performance contracts signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Reporting to Council
In place?	√	√	√	√	√	√

Performance Management System Checklist

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN OVERVIEW

The organizational performance is evaluated through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.
- The SDBIP was prepared as described in the paragraphs below and approved by the Mayor.

The SDBIP consolidate service delivery targets set by Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the SDBIP include:

One-year detailed plan,

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators;
- Non-financial measurable performance objectives in the form of targets and indicators; and detailed capital project plan broken down by ward.

PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2018/2019 FINANCIAL YEAR

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's SDBIP.

Performance against the National Key Performance Indicators

The following tables indicate the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These Key Performance Indicators are linked to the National Key Performance Areas.

Municipal Transformation and Institutional Development

INDICATOR	MUNICIPAL ACHIEVEMENT 2018/2019
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Approved staff establishment – No Appointments made / No employment equity plan
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	PLEASE UPDATE

Basic Service Delivery

INDICATOR	MUNICIPAL ACHIEVEMENT 2018/2019
The percentage of households with access to basic level of water	PLEASE UPDATE
The percentage of households with access to basic level of sanitation	PLEASE UPDATE
The percentage of households with access to basic level of electricity	PLEASE UPDATE
The percentage of households with access to basic level of solid waste removal	PLEASE UPDATE

Local Economic Development

INDICATOR	MUNICIPAL ACHIEVEMENT 2018/2019
The Number of jobs created through the Municipality EPWP Labour intensive programme to address high unemployment rate	PLEASE UPDATE

Good Governance and Public Participation

INDICATOR	MUNICIPAL ACHIEVEMENT 2018/2019
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	PLEASE UPDATE

SDBIP REPORT FOR 2018/2019

• CAPITAL BUDGET PROJECTS - 2018/2019

Infrastructure Development

Number of projects: 8

Number of projects Completed/ On Target:

Number of projects Not on Target:

Percentage on Target:

Community Development

Number of projects: 1

Number of projects Completed/ On Target:

Number of projects Not on Target:

Percentage on Target:

Institutional Development

Number of projects: 8

Number of projects Completed/ On Target:

Number of projects Not on Target:

Percentage on Target:

OVERALL CAPITAL BUDGET PROJECT ACHIEVEMENT

Total Number of Capital Budget Projects per KPA = 17

Number of Key Performance Indicators on Target/Completed =

Number of Key Performance Indicators Not on Target =

Percentage on Target =

SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATOR- 2018/19

Development Priority: Infrastructure Development

Number of Indicators: 10
Number of indicators on Target:
Number of indicators Not on Target:
Percentage on Target:

Development Priority: Community Development

Number of Indicators: 5
Number of indicators on Target:
Number of indicators Not on Target:
Percentage on Target:

Development Priority: Institutional Development

Number of Indicators: 12
Number of indicators on Target:
Number of indicators Not on Target:
Percentage on Target:

Development Priority: Local Economic Development

Number of Indicators: 5
Number of indicators on Target:
Number of indicators Not on Target:
Percentage on Target:

Development Priority: Back to Basics – Good Governance

Number of Indicators: 8

Number of indicators on Target:

Number of indicators Not on Target:

Percentage on Target:

Development Priority: Back to Basics – Sound Financial Management

Number of Indicators: 11

Number of indicators on Target:

Number of indicators Not on Target:

Percentage on Target:

OVERALL SERVICE DELIVERY KEY PERFORMANCE INDICATOR ACHIEVEMENT

Total Number of Key Performance Indicators per KPA = 68

Number of Key Performance Indicators on Target/Completed =

Number of Key Performance Indicators Not on Target =

Percentage on Target =

OVERALL KEY PERFORMANCE INDICATOR TARGET ACHIEVEMENT

Total Number of Key Performance Indicators = 85

Number of Key Performance Indicators on Target =

Number of Key Performance Indicators Not on Target =

Percentage On Target =

GRAPHS

CAPITAL BUDGET PROJECT ANALYSIS

SDBIP ANALYSIS REPORT – CAPITAL BUDGET PROJECTS - 2018/2019

Infrastructure Development

Number of projects: 8

Number of projects Completed/ On Target:

Number of projects Not on Target:

Percentage On Target:

Total budget per focus area versus expenditure:

Objective	Strategy	KPI	Wards	Responsible Person	Funding Source	Budget	Expenditure	Expenditure %	OVERALL PERFORMANCE 2018/2019				
									Annual Target	On Target /Not on Target	Brief description of actual output	Variance	Reason for variance and plan of action
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations	Number of reservoirs constructed in Aberdeen by 30 th June 2019.	1	Engineering and Planning	External MIG	4,374,858.00	4,374,856.91	99.99%	Construct 1 reservoir	Not on Target	75 % Complete 2500m of new pipeline installed. PLEASE INDICATE ACTUAL OUTPUT, AS 75% COMPLETION IS NOT MEASURABLE/ OR SUPPROTING EVIDENCE WILL HAVE TO REFLECT 75% COMPLETION	5 weeks delayed by local SMME's and site disruptions	75 % Complete 2500m of new pipeline installed.

To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations	Numbers of boreholes equipped/ refurbished in Willowmore by 30 th June 2019.	8,9,13	Engineering and Planning	External OTP	9,750,000.00	7,749,960.45	79 %	Equip/ refurbish 2 boreholes	On Target	4 Boreholes has been rehabilitated. Completion Certificate	2 Extra boreholes refurbished	n/a
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations	Construction of uPvc pipelines, installation of electrical mechanical equipment in Graaff-Reinet by 30 th June 2019.	2,3,4,5,6,7,14	Engineering and Planning	External RBIG	3,000,000.00	3,809,000.00	127%	100m uPvc pipelines and 8 pump stations [mechanical electrical equipment]	On Target	Installed mechanical electrical equipment for 8 pump stations.	n/a	n/a
To adequately upgrade the electrical supply and install the necessary electrical infrastructure, as well as regular maintenance thereof	Conduct an audit of electrification needs and infrastructure in the Dr Beyers Naudé LM.	Purchase 1080m ABC conductor (570m Willowmore and 510m in Aberdeen) and 2.5km underground cable 30 th June 2019.	1,7,8	Engineering and Planning	Internal	470,400.00	373,585.00	80%	1080m 2.5km underground cable	On Target	PLEASE PROVIDE ACTUAL OUTPUT AS PER AVAILABLE EVIDENCE		
To adequately upgrade the electrical	Conduct an audit of electrification needs	To upgrade old MV switchgear and	3	Engineering and Planning	External DOE	4,500,000.00	4,500,000.00	100%	Upgrade switchgear and 400m overhead	On Target	Project Completed successfully. Switchgear	WHY VARIANCE? REASON FOR ADDITIONAL	

supply and install the necessary electrical infrastructure, as well as regular maintenance thereof	and infrastructure in the Dr Beyers Naudé LM.	construction of 400m overhead powerline by 30 th June 2019.							powerline.		upgraded and 1.6 km overhead pipeline constructed.	PIPELINE CONSTRUCTED	
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Develop a Streets & Stormwater Management Plan that also contains an Implementation & Action Plan that will systematically address the issue of especially Stormwater in the Dr Beyers Naudé LM.	Construction of Cut-off drain for Stormwater drainage in Graaff-Reinet by 31 st December 2018.	3,4,5,6, 14	Engineering and Planning	External MIG	444,511.00	431,616.83	97%	1 Cut-off drain	On Target	Project completed, 1 Cut – Off Drain. Final certificate issued.	n/a	n/a
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Develop a Streets & Stormwater Management Plan that also contains an Implementation & Action Plan that will systematically address the issue of especially Stormwater in the Dr Beyers	Paving of 8000 m ² of road in Jansenville and Klipplaat by 30 th June 2019.	10,11	Engineering and Planning	External MIG	2,727,675.00	2,727,325.99	99%	8000 m ²	Not on Target	Project continues in 2019/2020 FY Total of paving constructed by end June 2419 m ²	5581m ²	Project delayed due to SMME's grievances.

	Naudé LM.													
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Develop a Streets & Stormwater Management Plan that also contains an Implementation & Action Plan that will systematically address the issue of especially Stormwater in the Dr Beyers Naudé LM.	Paving of 3000 m ² road in Steytleville by 30 th June 2019.	12,13	Engineering and Planning	External MIG	2,624,400.00	2,623,844.43	100%	3000 m ²	Not on Target	Total of paving constructed by end June 2019 m ²	581m ²	REASON FOR NON-COMPLETION	

❖ 8 projects was identified and approved for the 2018/2019 financial year under the development priority Infrastructure Development. A budget of R 27, 891, 844.00 was allocated and R 26, 590, 188.00 was spent. The expenditure amounts to 95% of total budget allocated.

Community Development

Number of projects: 1

Number of projects completed/ On Target:

Number of projects Not on Target:

Percentage on Target:

Total budget per focus area versus expenditure:

Objective	Strategy	KPI	Wards	Responsible Person	Funding Source	Budget	Expenditure	Expenditure %	OVERALL PERFORMANCE 2018/2019				
									Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for variance and plan of action
Stadiums and sport fields that have been upgraded and properly equipped to function properly and be fully utilized.	Upgrade and maintain sport fields and ensure that personnel are on site.	Upgrade Soccerfield by paving parking area (300 m ²) and construction of 1 ablution facility (138 m ²) by 30 th June 2019.	5	Engineering and Planning	External MIG	4,972,206.00	4,971,415.78	99.9%	Paving (300 m ²) and 1 ablution facility (138 m ²).		Paving (300 m ²) and 1 ablution facility (138 m ²). Completed PLEASE CHECK THAT ACTUAL M ² OUTPUT IS AS PER SUPPORTING EVIDENCE	n/a	n/a

- ❖ 1 project was identified and approved for the 2018/2019 financial year under the development priority Community Development. A budget of R 4,972,206.00 was allocated and R 4,971,415.78 was spent. The expenditure amounts to 99.9% of total budget allocated.

Institutional Development

Number of projects: 8

Number of projects Completed/ On Target:

Number of projects Not on Target:

Percentage On Target:

Total budget per focus area versus expenditure: **PLEASE CHECK EXPENDITURE AMOUNTS AND ENSURE ACCURATE AMOUNTS ARE INCLUDED.**

Objective	Strategy	KPI	Wards	Responsible Person	Funding Source	Budget	Expenditure	Expenditure %	OVERALL PERFORMANCE 2018/2019				
									Annual Target	On Target/ Not on Target	Brief Description of actual output	Variance	Reason for variance and plan of action
To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	Equip offices and areas of service delivery with adequate resources	Upgrade Kliplaat Fire station by installing security gates, painting interior and purchasing two doors and Upgrade Aberdeen fire station by reverting a bathroom into office space, installing extractor fan in fire garage by 30 th June 2019.	Institutional	Community Services	External SBDM	75,000.00	0	0%	Klipplaat – Security gates, 2 doors. Aberdeen – Office space, install extractor fan.	Not on target.	Requisition generated for Aberdeen fire station. Over expenditure on vote didn't allow for construction.	Klipplaat – Security gates, 2 doors. Aberdeen – Office space, install extractor fan.	Over expenditure
To provide sufficient operational requirements,	Equip offices and areas of service	Number of Office furniture purchased	Institutional	Engineering & Planning	External MIG	5,600.00	0	0%	1 desk and 2 chairs	On Target	Items of furniture purchased	n/a	n/a

furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	delivery with adequate resources.	for the PMU Office by 30 th September 2018.											
To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	Equip offices and areas of service delivery with adequate resources.	Number of Office furniture purchased for the Internal Audit Office by 31 st December 2018.	Institutional	MM's Office Internal Audit	External FMG	10,000.00	0	0%	2 office desks	Not on Target	No office furniture purchased.	2 office desks	Lack of funding
To provide sufficient operational requirements,	Equip offices and areas of service	Number of drilling machine purchased	Institutional	Engineering and Planning Electrical Department	Internal	132,350.00	4,485.00	3%	5 drilling machines.	On Target	5 Drilling machines purchased.	n/a	n/a

furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	delivery with adequate resources.	by 30 th June 2019.											
To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	Equip offices and areas of service delivery with adequate resources.	Number of Lab Instruments purchased for waste water management by 31st March 2019.	Institutional	Engineering and Planning	Internal	120,000.00	119,542.00	99.6%	6 Chlorine meters & 3 Turbidity meters	On Target	6 chlorine meters and 3 turbidity meters purchased	n/a	n/a
To provide sufficient operational requirements,	Equip offices and areas of service	Purchase 3 x bunker suits, 40 x Structural	Institutional	Community Services	External SBDM	80,000.00	0	0%	3 x bunker suits	Not on Target	No Output	3 x bunker suits	Over expenditure of votes

furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	delivery with adequate resources.	firefighting gloves, 50 x Normex Fire Hoods, 5 x Bullard structural fire helmets, 15 x Structural Fire Boots and 15 x SWAT flashlights by 31 March 2019.							40 x Structural firefighting gloves 50 x Normex Fire Hoods 5 x Bullard structural fire helmets 15 x Structural Fire Boots 15 x SWAT flashlights		40 x Structural firefighting gloves 50 x Normex Fire Hoods 5 x Bullard structural fire helmets 15 x Structural Fire Boots 15 x SWAT flashlights		
To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be	Equip offices and areas of service delivery with adequate resources.	Purchase of 10 x 38mm rubberize firehoses, 5 x Handline high performance nozzles 20 drums x 20 litres class A foam 4 x Stihl Chainsaws 2 x Stihl Blowers by 30 th June	Institutional	Community Services	External SBDM	120,000.00	0	0%	10 x 38mm rubberize firehoses, 5 x Handline high performance nozzles 20 drums x 20 litres class A foam 4 x Stihl Chainsaws	Not on Target	No Output	10 x 38mm rubberize firehoses, 5 x Handline high performance nozzles 20 drums x 20 litres class A foam 4 x Stihl Chainsaws 2 x Stihl Blowers	Over expenditure of votes

legally compliant		2019.							2 x Stihl Blowers				
To improve overall efficiency of ICT ~ administration, billing, record keeping, information sharing and communication; to ensure optimal, cost-effective production and quality service delivery	Conduct a comprehensive ICT audit.	Number of PC/Laptops/projector purchased by the 31 st December 2018.	Institutional	Engineering and Planning	External MIG	12,000.00	9,550.00	80%	1	On Target	Laptop purchased as per target date.	n/a	n/a

❖ *8 projects was identified and approved for the 2018/2019 financial year under the development priority Community Development. A budget of R was allocated and R was spent. The expenditure amounts to of total budget allocated.*

SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS PERFORMANCE ANALYSIS

INFRASTRUCTURE DEVELOPMENT					OVERALL PERFORMANCE 2018/2019				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Infrastructure and Service Delivery	To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure.	Identify and implement suitable Projects.	Engineering and Planning	Clean 8 reservoirs to reduce turbidity by 30 June 2018.	8	On Target	8 Reservoirs cleaned. Small Kroonvale also cleaned of boulders.	n/a	n/a
Infrastructure and Service Delivery	For all households to have uninterrupted access to good quality, potable water.	Implement Action Plans contained in WSDP and ensure that proper controls and monitoring measures are in place	Engineering and Planning	Monitor water quality through taking 13 Samples per month.	156	Not on Target	INDICATE HOW MANY SAMPLES WERE TAKEN DURING 2018/2019		Unable to perform compliance testing due to lack of funding.
Infrastructure and Service Delivery	For all households to have uninterrupted access to good quality, potable	Implement Action Plans contained in WSDP and ensure that proper	Engineering and Planning	Percentage compliance with drinking water quality standards (micro-bacteriological)	85%	Not On Target			Unable to perform compliance testing due to lack of funding.

	water.	controls and monitoring measures are in place		quarterly.					
Infrastructure and Service Delivery	To have all Municipal water-supply consumers connected to a metering system and registered on the debtor's database for monthly billing purposes.	Systematically upgrade existing infrastructure; replace and rehabilitate where applicable.	Engineering and Planning	Number of Water meter audits conducted by 31 March 2019.	1	On Target	Final report received.	n/a	n/a
Infrastructure and Service Delivery	To have all Municipal water-supply consumers connected to a metering system and registered on the debtor's database for monthly billing purposes.	Replacement of faulty meters determined by water meter audit.	Engineering and Planning	Replacement of bulk water consumer meter's in Graaff-Reinet to reduce water losses by 30 th June 2019	3	On Target	3 bulk water meters replaced.	n/a	n/a
Infrastructure and Service Delivery	To have all Municipal water-supply consumers connected to a metering	Replacement of faulty meters determined by water meter audit.	Engineering and Planning	Replacement of bulk electricity consumer meter's in Aberdeen to reduce electricity losses by 30 th	130	On Target	130 meters replaced.	n/a	n/a

	system and registered on the debtor's database for monthly billing purposes.			June 2019.					
Infrastructure and Service Delivery	Identify suitable projects, such as making provision for the installation and connection of bulk services on the sites.	New RDP households to be connected in Malva Street, Graaff-Reinet.	Engineering and Planning	Number of households to be connected with water services by 30 th June 2019.	10	On Target	10 households connected with water services.	n/a	n/a
Infrastructure and Service Delivery	Identify suitable projects, such as making provision for the installation and connection of bulk services on the sites.	New RDP households to be connected in Malva Street, Graaff-Reinet.	Engineering and Planning	Number of households to be connected with sanitation services by 30 th June 2019.	10	On Target	10 households connected with water services.	n/a	n/a
Infrastructure and Service Delivery	Effective recycling programmes that will reduce waste volumes at landfill site and create economic opportunities for the Community	Step up educational campaigns to encourage all citizens to take pride in their areas and keep them clean; to recycle at source	Community Services	Number of Waste management Campaigns held at ward meetings, schools and other institutions by 30 th June 2019.	4	On Target	5 waste management campaigns held.	1 additional campaign held.	n/a

Infrastructure and Service Delivery	Solid Waste Disposal Sites (Landfills), that are compliant, have adequate capacity and are properly managed and maintained.	Provide adequate waste disposal facilities, as well as a regular waste disposal service.	Community Services	Number of audits conducted to determine compliance of landfill sites by 31 March 2019.	1	On Target	1 audit conducted	n/a	n/a
COMMUNITY DEVELOPMENT					OVERALL PERFORMANCE 2018/2019				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Good Governance	To significantly reduce and mitigate the negative impact of disasters and to upgrade road traffic and pedestrian safety, with regular maintenance on installations and infrastructure as an ongoing concern.	Regularly review and update the Municipality's Disaster Management Plan and ensure that it incorporates threats identified throughout the region	Protection Services	Review 1 Disaster management plan and approve by council by 30 th June 2019.	1	Not on Target	SDBM appointed a service provider	1 Disaster management plan.	SDBM appointed a service provider
Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage	Municipal Manager/ SPU Unit	Number of SPU Consultative Forums established, namely: Youth Council, Local	2	On Target	Town-Based Forums has been established in March 2019	n/a	n/a

	and Women.	the participation of the SPU sector, especially the Disabled, Youth and Women.		Sports Council, Local Aids Council, Women's Forum and Disabled Forum by 30 th June 2019.			PLEASE CONFIRM IS ALL COUNCILS/ FORUMS ELECTED.		
Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage the participation of the SPU sector, especially the Disabled, Youth and Women.	Municipal Manager/ SPU Unit	Report on the establishment of SPU consultative councils/ Forums by providing a report to the office of the Municipal Manager.	4		PLEASE INDICATE WHETHER QUARTERLY REPORTS HAVE BEEN SUBMITTED TO THE MM FOR 2018/2019		
Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage the participation of the SPU sector,	Municipal Manager/ SPU Unit	Number of training programmes for vulnerable groups especially youth and disabled citizens by 30 th June 2019.	10		PLEASE INDICATE WHETHER ALL TRAINING COMMENCED AS PER THE SDBIP TARGETS, AND DOCUMENT THE TRAINING THAT HAS TAKEN PLACE DURING		

		especially the Disabled, Youth and Women.					2018/19		
Community Development	To provide a dignified resting place for our community within safe and secure sites that are well managed and maintained by dedicated personnel.	All burial sites must be secured and proper record keeping must be implemented by the Municipality.	Community Services	Numbers of audits conducted to determine compliance of cemeteries by 31 March 2019	1	Not On Target	No Output	No Audit conducted	Audit to be conducted in 2019/20
INSTITUTIONAL DEVELOPMENT					OVERALL PERFORMANCE 2018/2019				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/Not On target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Organisational Transformation & Institutional Development	To recruit staff with adequate qualifications, skills, training and experience.	Finalise the review of the Staff Establishment as a matter of urgency	Corporate Services (HR)	Review organizational structure and table before council by 30 June 2019.	1	On Target	Organisational structure approved on 13 December 2018	n/a	n/a
Organisational Transformation & Institutional Development	To recruit staff with adequate qualifications, skills, training and experience.	Finalise the review of the Staff Establishment as a matter of urgency.	Corporate Services (HR)	100% Implementation of placement policy through placement of staff, based on approved Staff establishment by 31 st March 2019.	100%	Not On Target	Placement not finalised yet. One on one sessions will commence from 1 August 2019	No staff Placed.	One on one sessions will commence from 1 August 2019

Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services (HR)	Number of Delegation registers developed by 31 December 2018.	1	Not on Target	Delegation register developed and only 1 sub-delegation register developed by Budget and treasury department.	n/a	All directorates to finalize sub-delegations
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as legally compliant	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services (HR)	Number of employment equity plans developed by 30 June 2019.	1	Not on Target	EE Committee has to be confirmed in a Special LLF Meeting. Analysis has been completed, the new committee will be trained in August 2019.	No Equity plan	EE Committee has to be confirmed in a Special LLF Meeting.
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices	Implement Plan & Policies and upgrade systems	Corporate Services (HR)	Develop a workplace skills plan with an annual training report by 31 st	1		WSP Plan approved on 25 April 2019 and submitted on 30 April 2019 to	n/a	n/a

	and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.		March 2019.			LGSETA. Implementation of the WSP has already commenced.		
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Finance	Number of municipal policies reviewed 30 th June 2019.	12	On Target	The following Financial policies was reviewed 2019/20 FY: – Virement Policy – SCM Policy – Borrowing Policy – Budget Policy – Cash Management Policy – Credit control and debt Collection Policy – Funding and reserves Policy – Indigent Support Policy	n/a	n/a

							<ul style="list-style-type: none"> - Transport and Fleet management policy - Tariffs policy 		
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Finance (Supply Chain)	Prepare Supply Chain Management Implementation Compliance through 3 quarterly reports by 30 June 2019.	3		PLEASE UPDATE		
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally	Finance (Supply Chain/ Asset)	Develop and Monitor Contract register for all service providers and provide quarterly reports by 30 th June 2019.	3		PLEASE UPDATE		

		and correctly.							
Organisational Transformation & Institutional Development	Improved performance through effective PMS	Quarterly institutional performance reports to Council.	Municipal Manager/ PMS unit	4 quarterly SDBIP Performance reports submitted to Council by 30 June 2019, to inform Council of Institutional Performance.	4	Not on Target	3 quarterly SDBIP performance reports submitted to Council.	1 quarterly report	4 th quarter report was depended on Annual Financial statements finalization.
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly	Corporate Services/ Administration	Monitor Council resolutions by providing 4 quarterly reports on the implementation of council resolutions.	4	On Target	PLEASE INDICATE WHETHER RESOLUTION REGISTER WAS TABLED QUARTERLY BEFORE COUNCIL.	n/a	n/a
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff	Corporate Services/ Administration	Ensure an updated Lease Register on a quarterly basis.	1	On Target	Lease register approved by Council.	n/a	n/a

	Municipality's levels of service delivery, as well as be legally compliant.	to utilize these systems optimally and correctly.							
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services (HR)	Report on all disciplinary hearings on a quarterly basis to EXCO.	4		PLEASE UPDATE WHETHER DISCIPLINARY REPORT WENT TO COUNCIL ON A QUARTERLY BASIS		
LOCAL ECONOMIC DEVELOPMENT					OVERALL PERFORMANCE 2018/2019				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/Not On target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Local Economic Development	Job Creation, BEE & Partnerships, SMME, Industrial and Sector Development, Skills Development, Mainstreaming of 2 nd Economy, Youth and Women	Support, encourage and facilitate value-adding initiatives, programmes and projects.	Municipal Manager	Number of people employed through the EPWP Labour intensive programme to address high unemployment rate in Dr. Beyers	115		PLEASE INDICATE ACTUAL AMOUNT OF PEOPLE EMPLOYED		

				Naudé Local Municipality by 30 June 2019.					
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Develop LED Strategic Plan with an economic Vision for the Municipality.	Municipal Manager/ LED Unit	Number of commonage plans developed by the 30 June 2019.	1		PLEASE UPDATE STATUS AT 30 TH JUNE 2019		
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Support, encourage and facilitate value-adding initiatives, programmes and projects	Municipal Manager/ LED Unit	Assistance and development of SMME's by 30 June 2019.	5	Not on Target	Proposals received from SMME's. An evaluation committee to be established for selection purposes	No Assistance	An evaluation committee to be established for selection purposes

Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Develop LED Strategic Plan with an economic Vision for the Municipality.	Municipal Manager /LED Unit	Develop LED Strategy by 31st December 2018.	1	Not on Target	PLEASE INDICATE ACTUAL OUTPUT AT 30 TH JUNE 2019		
Local Economic Development	Creating and enabling environment to attract investment that generates economic growth and job creation	Implement strategic LED Action and Interventions with the aim of creating networks, linkages, referral & support systems, appropriate policies, by-laws, incentives, services and infrastructure that will stimulate and facilitate LED, attract investment, encourage	Municipal Manager /LED Unit	Implement 2 initiatives identified by the Mohair summit by 30 th June 2019.			PLEASE INDICATE ACTUAL OUTPUT AT 30 TH JUNE 2019		

		establishment and growth of business and industry in the Dr. Beyer's Naude LM							
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BACK TO BASICS - KPA – Good Governance & Public Participation					OVERALL PERFORMANCE 2018/2019				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/Not On target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Developing a credible Integrated Development Plan that will address the developmental needs of our Community.	Municipal Manager/ IDP Unit	A reviewed, amended and credible IDP for 2019/20.	1		PLEASE UPDATE		
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Having a fully functional Council, with Standing Committees, Fora and other structures.	Corporate Services (Administration)	Number of Meetings held in terms of year planner by 30 June 2019. (4 Ordinary Council Meetings and 4 Standing Committee meetings)	8		PLEASE PROVIDE DATES FOR 2018/19 FY.		
Good Governance & Public	To become the best performing Municipality, in all	Having a fully functional Council, with	Corporate Services (Administration)	Number of MPAC meetings to assist with	4		PLEASE PROVIDE DATES FOR		

Participation	respects.	Standing Committees, Fora and other structures.		oversight function until 30 June 2019.			2018/19 FY.		
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Having a fully functional Council, with Standing Committees, Fora and other structures.	Corporate Services (Administration)	Number of Audit Committee meetings to assist with oversight function until 30 June 2019.	4		PLEASE PROVIDE DATES FOR 2018/19 FY.		
Good Governance & Public Participation	To become the best performing Municipality, in all respects	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation and promote socio-economic development.	Corporate Services (HR)	Ensure that the LLF is functioning properly and fulfilling its mandate by having 6 Meetings annually	6		PLEASE PROVIDE DATES FOR 2018/19 FY.		
Good Governance & Public Participation	To become the best performing Municipality, in all respects	Installing and maintaining effective and efficient communications and other	Municipal Manager /Communications	Number of quarterly External Newsletters distributed to stakeholders by	4	Not on Target	1 quarterly newsletter was distributed.	3 quarterly newsletters outstanding	n/a

		systems that will improve information-sharing, enhance public participation and promote socio-economic development.		30 th June 2019					
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation and promote socio-economic development.	Corporate services	Maintain updated housing beneficiary list and submit to Corporate service standing committee on a quarterly basis by 30 th June 2019.	4		PLEASE UPDATE WHETHER QUARTERLY REPORT WAS TABLED TO COMMITTEE MEETINGS.		
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Ensuring that Ward Committees have been established and are functioning properly, and that a CDW	Municipal Manager/ Ward Co-ordinator	Quarterly Ward Committee meetings with consolidated quarterly reports to council until 30 June 2019.	4	Not on Target	2 quarterly reports.	No quarterly report for the 3 rd and 4 th quarter.	Developed a ward operational framework plan which will go to management and council. This will ensure ward committees are 100% functional and are an

		has been appointed in each Ward.							effective public participation platform
BACK TO BASICS – KPA – Sound Financial Management					OVERALL PERFORMANCE 2018/2019				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Sound Financial Management	To become a financially viable and sustainable Municipality.	The development and implementation of a Funding Strategy.	Finance	100% expenditure of Municipal Grants by 30 th June 2019.	100%		PLEASE UPDATE		
Sound Financial Management	To receive a Clean Audit Opinion from the Auditor-General.	Implementation and execution of an Audit Action Plan.	Finance	100% Reporting compliance by submitting s71, s72 and s52d reports within legislated timeframes 30 th June 2019.	100%		PLEASE UPDATE		
Sound Financial Management	To receive a Clean Audit Opinion from the Auditor-General.	Implementation and execution of an Audit Action Plan.	Finance	Improve Outcome of the AG report: Execute action plan to address previous findings by 30 June 2019.	1		PLEASE UPDATE		
Sound Financial Management	To receive a Clean Audit Opinion from the Auditor-General.	Implementation and execution of an Audit	Finance (Assets)	Verification of the completeness of the Asset Register (Asset	100%		PLEASE UPDATE		

		Action Plan.		Register compliant to GRAP standards)					
Sound Financial Management	To become a financially viable and sustainable Municipality.	Alignment of the Budget to the IDP's Development Priorities.	Municipal Manager	Percentage CAPEX of budget spend by 30 th June 2019.	100%		PLEASE UPDATE		
Sound Financial Management	To become a financially viable and sustainable Municipality.	Alignment of the Budget to the IDP's Development Priorities.	Municipal Manager	Percentage OPEX of budget spend by 30 th June 2019.	80%		PLEASE UPDATE		
Sound Financial Management	To adopt a realistic, credible and funded Annual Budget	Alignment of the Budget to the IDP's Development Priorities.	Municipal Manager	2019//2020 Budget approved by Council by 31 May 2019.	1		PLEASE UPDATE		
Sound Financial Management	To become a financially viable and sustainable Municipality.	Implementation and execution of the Financial Recovery Plan – robust plans for the repayment of debt and/or maintain a healthy level of cash reserves and assets in order to meet unexpected	Finance	Improve collection rate on service debtors to address cash flow constraints by 30 th June 2019 (Service debtors/service debt collected)	90%		PLEASE UPDATE		

		costs.							
Sound Financial Management	To become a financially viable and sustainable Municipality.	Implementation and execution of the Financial Recovery Plan – robust plans for the repayment of debt and/or maintain a healthy level of cash reserves and assets in order to meet unexpected costs.	Finance	Financial recovery plan implemented and monitored by submissions quarterly to EXCO by 30 th June 2019.	4		PLEASE UPDATE		
Sound Financial Management	To become a financially viable and sustainable Municipality.	Stringent implementation and execution of the Municipality's Credit Control & Debt Collection Policy.	Finance	Effective control over 80% collection of property rates: by 30 June 2019. Property rates collected/ property rate debtors.	Ensure average 80% recovery rate of property rates billed by 30 June 2019.		PLEASE UPDATE		
Sound Financial Management	To receive a clean audit opinion from the Auditor General.	Implementation and execution of the Financial Recovery Plan – robust plans for the repayment of	Finance	Average number of days taken for creditors to be paid: Creditors	30 days		PLEASE UPDATE		

		debt and/or maintain a healthy level of cash reserves and assets in order to meet unexpected costs.		Payment Period Creditors Outstanding/Credit Purchases (Operating & Capital) x 365 (Norm is 30 days)					
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2017/2018 PERFORMANCE – TARGET ACHIEVEMENT VS 2018/2019 PERFORMANCE – TARGET ACHIEVEMENT

SERVICE PROVIDER PERFORMANCE 2018/2019

Service providers are appointed to undertake work on behalf of the municipality. As such, the work to be undertaken is for the benefit of the community and must be monitored to ensure that payment for services is warranted and well spent. Service providers employed to complete projects specified in the IDP are, by implication, monitored through the SDBIP and PMS, due to the fact that a budgeted amount is agreed for the work.

As a guide, all officials engaging the services of an outside body must ensure that clear terms of reference are used for all appointments and that clear indicators specifying agreed timeframes and deliverables are agreed and included in the appointment letter. The appointment letter must also indicate the recourse for non-delivery of agreed deliverables of the required standard.

On a monthly basis, the performance of service providers are monitored. The project owner/manager is issued with a performance report to complete, and indicate the performance of the service provider for that particular month after a site visit is conducted. This report is signed by the service provider and the manager to indicate agreement of target achievement and filed.

IMPROVING PERFORMANCE – AUDIT IMPLEMENTATION ACTION PLAN

#	Audit finding	Affected Section	Manager	Responsible Official	Details of audit findings and Action Required where applicable	Time frame	Status	Progress
1.	Money owed by the municipality had not always been paid within 30 days	Expenditure Management	SCM Manager	Expenditure Accountant	Adequate Budget and cash flow monitoring	December 2018	Not achieved	Cash flow constraints
2.	Payments from the municipality's bank account were not approved by the accounting officer	Expenditure Management	SCM Manager	Expenditure Accountant	No action required - Delegations were in place and provided to the AG. Sub-delegations for finance department also in place	Already in place	Achieved	

3.	Steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control	Expenditure Management	SCM Manager	Expenditure Accountant	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	December 2018	Achieved	
4.	Steps were not taken to ensure that the municipality implemented and maintained effective procedures for the approval of funds	Expenditure Management	SCM Manager	Expenditure Accountant	No action required - Delegations were in place and provided to the AG. Sub-delegations for finance department also in place	Already in place	Achieved	
5.	Adequate management accounting and information system was not in place which recognised expenditure when it was incurred as well as creditors.	Expenditure Management	SCM Manager	Expenditure Accountant	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	December 2018	Achieved	

6.	Steps were not taken to prevent irregular expenditure	Expenditure Management	SCM Manager	Expenditure Accountant	Training on compliance requirements	January – March 2019	partially achieved	Training done. Register in progress. Possibility of irregular expenditure for 2018/19 exist
7.	Steps were not taken to prevent fruitless and wasteful expenditure	Expenditure Management	SCM Manager	Expenditure Accountant	Training on identification/distinction of the fruitless expenditure and wasteful expenditure.	January – March 2019	partially achieved	Training conducted. Register in progress. Fruitless expenditure still incurred due to interest payable on late payments of accounts
8.	Steps were not taken to prevent unauthorised expenditure	Expenditure Management	SCM Manager	Expenditure Accountant & Budget Manager	No action required - Virement application and locking of the budget votes.	Already in place	Achieved	Register in place
9.	Tariff policy was not adopted	Revenue Management	Revenue Manager	Revenue Accountant	No action required - Tariff policy adopted for 2018/19 financial year	Already in place	Achieved	

10	Credit-control and debt-collection policy was not adopted	Revenue Management	Revenue Manager	Revenue Accountant	No action required - Policy was adopted and provided to AG	Already in place	Achieved	
11	Policy on the levying of rates on rateable property within the municipality was not adopted	Revenue Management	Revenue Manager	Revenue Accountant	No action required - Approved policies of former municipalities are still in place – this is in line with Sec 12 notice. This was provided to AG	Already in place	Achieved	
12	Adequate management, accounting and information system was not in place to account for revenue, debtors and receipts of revenue	Revenue Management	Revenue Manager	Revenue Accountant	No Action required - The findings related to journals done on revenue and traffic fines. All information was submitted to AG except for traffic fines. AG was requested to inspect the documents at traffic department due to the volume. Schedules were provided to AG. A Technical consult was requested on the journals – no outcome	Already in place	Achieved	Meeting held with AG to discuss previous years audit findings. Agreed on way forward

					communicated to management			
13	Effective system of internal control for debtors and revenue was not in place	Revenue Management	Revenue Manager	Revenue Accountant	No action required - Disagreement between management and auditors on some journals passed exists. Technical consult was requested on journals – no formal outcome received by management	Already in place	Achieved	Meeting held with AG to discuss previous years audit findings. Agreed on way forward

14	No sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis	Revenue Management	Revenue Manager	Revenue Accountant	No finding was raised by AG. Billing was done on monthly basis	Already in place	Achieved	Meeting held with AG to discuss previous years audit findings. Agreed on way forward
15	No sufficient appropriate audit evidence that accounts for municipal tax and charges for municipal services or service charges were prepared on a monthly basis	Revenue Management	Revenue Manager	Revenue Accountant	No finding was raised by AG. Billing was done on monthly basis	Already in place	Achieved	Meeting held with AG to discuss previous years audit findings. Agreed on way forward
16	No sufficient appropriate audit evidence that interest had been charged on all accounts in arrears	Revenue Management	Revenue Manager	Revenue Accountant	No finding was raised by AG. Interest was raised on monthly basis	Already in place	Achieved	Meeting held with AG to discuss previous years audit findings. Agreed on way forward

17	Performance in respect of programmes funded by the municipal infrastructure grant was not evaluated	MIG/Conditional Grants	Technical Manager	Project Management Unit	Record all performance evaluation conducted with supporting evidence (files)	January 2019 on wards	Achieved	
18	Sufficient appropriate audit evidence that the Municipal Infrastructure Grant was spent for its intended purposes	MIG/Conditional Grants	Technical Manager	Project Management Unit	No action required – this relates to journals done on MIG – evidence were provided to AG. Schedules provided had a difference of R66 – immaterial	Already in place	Achieved	
19	The municipality did not establish an investment policy that was adopted by the council	Asset Management	Accounting Officer (MM)	Chief Financial Officer	No action required - Investment policy in place for 2018/19	Already in place	Achieved	

20	No sufficient appropriate audit evidence that all investments were made in accordance with the requirements of the investment policy	Asset Management	Accounting Officer (MM)	Chief Financial Officer	Accurately record all investments according to the approved investment policy	January 2019 onwards	partially achieved	Not all grants were initially transferred to a separate account. Quotes were not obtained as per policy
21	An adequate management, accounting and information system was not in place to account for liabilities	Liability Management	SCM Manager	Expenditure Accountant	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	January 2019 on ward	Achieved	
22	An effective system of internal control for liabilities (including a liability register) was not in place	Liability Management	SCM Manager	Expenditure Accountant/Legal Department/Corporate Services	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	January 2019 on wards	Achieved	

23	Short-term debt relating to the bank overdraft was incurred for reasons other than those allowed as per section 45(1) of the MFMA	Liability Management	Accounting Officer	Chief Financial Officer	There was no physical overdraft. This relates to payments captured on the cashbook and not paid through the bank. It was indicated as reconciling items. No payment should be uploaded in the cash book if there are no adequate cash reserves in the bank.	January 2019 onwards	Achieved	restatement done
24	Short-term debt relating to the bank overdraft was incurred without a resolution of the municipal council approving the debt agreement	Liability Management	Accounting Officer	Chief Financial Officer	No action required - There was no physical overdraft. This relates to payments captured on the cashbook and not paid through the bank. It was indicated as reconciling items	Already in place	Achieved	
25	Short-term debt relating to the bank overdraft was not repaid within the financial year	Liability Management	Accounting Officer	Chief Financial Officer	No action required - There was no physical overdraft. This relates to payments captured on the cashbook and not paid through the bank. It was indicated	Already in place	Achieved	

					as reconciling items			
26	Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure	Consequence Management	Mayor	Accounting Officer/MM	Unauthorised expenditure was only identified at year end. Refer unauthorised expenditure to the MPAC for investigation and implement the recommendations thereon	February 2019	partially achieved	Irregular expenditure were referred to MPAC. Unauthorised expenditure still to be submitted
27	Losses resulting from unauthorised expenditure were not recovered from the liable person	Consequence Management	Mayor	Accounting Officer/MM	Implement the recommendations of MPAC	February 2019	not achieved	MPAC still to investigate unauthorised expenditure

28	The authorisation of unauthorised expenditure amounting to R17,1 million was not done through an adjustment budget	Consequence Management	Accounting Officer/Municipal Manager	Chief Financial Officer	Implement the Virement Policy appropriately in the adjustment budget	January 2019	Achieved	Adjustment budget for 2018/19 tabled in council
29	Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure	Consequence Management	Mayor	Accounting Officer/MM	No action required - Irregular expenditure was submitted to MPAC and AG was informed thereof. MPAC currently busy with investigation	February 2019	Achieved	Item already submitted to MPAC
30	Losses resulting from irregular expenditure were not recovered from the liable person	Consequence Management	Mayor	Accounting Officer/MM	Implement the MPAC recommendations	February 2019	Achieved	Council resolved on MPAC recommendations.

31	Cases of irregular expenditure that constituted a criminal offence were not reported to the South African Police Service	Consequence Management	Mayor	Accounting Officer/MM	No action required- the municipal manager made available to AG the investigations already done.	Already in place	Achieved	Investigations in progress by Hawks
32	Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure	Consequence Management	Mayor	Accounting Officer/MM	Refer fruitless & wasteful expenditure to the MPAC for investigation and implement the recommendations thereon	February 2019	Not achieved	MPAC stil to investigate fruitless and wasteful expenditure
33	Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person	Consequence Management	Mayor	Accounting Officer/MM	Implement the MPAC recommendations	February 2019	Not achieved	Will be based on MPAC recommendations

34	No sufficient appropriate audit evidence that the municipal manager disclosed financial interests within 60 days from the date of appointment	Human Resources Management	Accounting Officer	Corporate Services	No action required – All Directors and MM declared interest	Already in place	Achieved	
35	No sufficient appropriate audit evidence that senior managers disclosed financial interests within 60 days from the date of appointment	Human Resources Management	Corporate Services	Human Resources Manager	No action required – All Directors and MM declared interest	Already in place	Achieved	
36	No sufficient appropriate audit evidence that senior managers previously dismissed for financial misconduct were only re-appointed after the expiry of a 10-year term	Human Resources Management	Corporate Services	Human Resources Manager	Generate a report on all senior managers who were previously dismissed for financial misconduct but later re-appointed, ensuring that all re-appointment conditions were met	January to March 2019	Not achieved	

37	An approved staff establishment was not in place	Human Resources Management	Accounting Officer	Corporate Services	No action required – Organogram approved by Council September 2017. Submitted the approved Organogram to the Auditor General	Already in place	Achieved	
38	No sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure and evaluate the performance of staff were developed and adopted	Human Resources Management	Accounting Officer	Corporate Services	Develop and implement procedures to monitor, measure and evaluate the performance of staff. Cascading the staff performance measures to lower level management	March 2019	Not achieved	Performance management system in place for snr managers.
39	Goods and services	Procurement &	SCM Manager	SCM Practitioners	This related to two	June 2019	Achieved	Deviations are

.	with a transaction value below R200 000 were procured without obtaining the required price quotations. Similar non-compliance was also reported in the prior year.	Contract Management (SCM)			deviations which according to the AG did not have sufficient evidence that it was a deviation or the reasons supplied were insufficient and the declaration of interest of one service provider was outstanding. All deviations should have sufficient supporting documentation			being monitored
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40	Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The municipality relies on the CSD for confirmation of whether directors of suppliers are employed by the state. The AG does not accept reliance on CSD and still requires suppliers to submit written declaration. Also written declarations that were received after the award (even though CSD indicated that they were not employed by State) were not accepted. All bidders to declare next of kin and employment status regarding the organ of state. Declaration will be kept on tender files	June 2019	partially achieved	The form allows for declaration of the prior 12 months. Declarations relating to 2017/18 all received. 2018/19 in progress
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41	Goods and services with a transaction value above R200 000 were procured without inviting competitive bids	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This related to two deviations which according to the AG did not have sufficient evidence that it was a deviation or the reasons supplied were insufficient and the declaration of interest of one service provider was outstanding. All deviations should have sufficient supporting documentation	June 2019	Achieved	
42	Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The Accounting Officer will confirm the appointment of Bid Committee Members in writing and acknowledged by each member through a signed acceptance letter	March 2019	Achieved	

43	Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The municipality relies on the CSD for confirmation of whether directors of suppliers are employed by the state. The AG does not accept reliance on CSD and still requires suppliers to submit written declaration. Also written declarations that were received after the award (even though CSD indicated that they were not employed by State) were not accepted. All bidders to declare next of kin and employment status regarding the organ of state. Declaration will be kept on tender files	June 2019	partially achieved	The form allows for declaration of the prior 12 months. Declarations relating to 2017/18 all received. 2018/19 in progress
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44	Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This relates to two tenders. An independent confirmation of winning bidder's tax matters will be conducted before awarding	January 2019	Achieved	
45	Bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	Municipal Bid documentation will be amended to incorporate the minimum threshold on local content	March 2019	Achieved	

46	Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This relates to one tender. Municipal Bid documentation will be amended to incorporate the minimum threshold on local content. Suppliers will be requested to provide declaration on local production content	March 2019	Achieved	
47	Commodities designated for local content and production were procured from suppliers who did not meet the prescribed minimum threshold for local production and content	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This relates to one tender. Municipal Bid documentation will be amended to incorporate the minimum threshold on local content. Suppliers will be requested to provide declaration on local production content and determination will be made to confirm if minimum threshold is met	January 2019	Achieved	

48	Awards were made to providers who were in the service of the municipality or whose directors were in the service of the municipality. Providers failed to declare that they were in the service of the municipality	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The audit finding related to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system	Immediately	Achieved	
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49	Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The audit finding related to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system	Immediately	Achieved	
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50	Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The audit finding related to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system	Immediately	Achieved	
51	SCM officials who, or other SCM role players whose close family members, partners or associates, had a private or business	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	No finding raised. Management is of view that this relates to CAATS that could not be performed because of some information that could not be extracted	Immediately	Achieved	

	interest in contracts awarded by the municipality participated in the process relating to that contract				from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system Declaration of employment status and next of kin will be compulsory to all service providers			
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52	Leadership did not exercise oversight over financial, performance and compliance reporting	General Internal Controls	Accounting Officer	All Managers	Due to the findings raised by the AG this was indicated as an internal control deficiency. Management is in disagreement with AG on number of findings. Management will however continuously ensure that all standard operating procedures are effectively implemented throughout the year	Immediately	partially achieved	compliance reporting still problematic due to system not being able to produce all reports electronically. This has been addressed in meeting between PT, BNLM and service provider. Action plan agreed upon
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53	The municipality did not maintain a proper record management system for electronic records	General Internal Controls	Accounting Officer	All Managers	Due to the findings raised by the AG this was indicated as an internal control deficiency. Management is in disagreement with AG on number of findings. Management will however continuously ensure that all standard operating procedures are effectively implemented throughout the year	Immediately	partially achieved	standard operating procedures for records management developed.
54	The audit committee did not review the annual financial statements and annual performance report in the current year	General Internal Controls	Accounting Officer	All Managers	The Chairperson of the Audit Committee resigned and Audit Committee did not have meetings. An email was send to the Audit Committee to enquire whether they will review AFS without having a formal meeting and send input to the CFO. Management will	August 2019	Not due yet	

					ensure that AFS are submitted timeously to Audit Committee			
55	The internal audit unit lacked the capacity required to effectively perform their duties	General Internal Controls	Accounting Officer	Chief Audit Executive	Address capacity with placement process	March 2019	partially achieved	Placement in progress
					SUMMARY	Total findings	%	
					ACHIEVED	39	71	
					NOT ACHIEVED	6	11	
					PARTIALLY ACHIEVED	9	16	
					NOT DUE YET	1	2	
						55	-	

CONCLUSION

ANNEXURE 3 –



Dr. Beyers Naudé

MUNICIPALITY | MUNISIPALITEIT | UMASIPALA

rising together for development

AUDITOR-GENERAL REPORT



DR BEYERS NAUDE LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2019



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on the Dr Beyers Naude Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Dr Beyers Naude Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Due to the significance of the matter described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Employee related costs

3. The municipality incorrectly calculated employee costs when compared to the signed employment contracts. This resulted in discrepancies between the annual salaries per the payroll and the annual salaries reflected in the employment contracts. Consequently, this resulted in employee related costs in note 30 and payables from exchange transactions in note 14 being understated by a R107,4 million for the 2018-19 financial year. This also has an impact on accumulated surplus for the year.
4. I was unable to obtain sufficient appropriate audit evidence for employee related costs due to the poor status of the accounting recordings relating to the back pay that was paid for salary equalisation. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to employee related costs stated at R159,3 million (2017-18: R138,1 million) in the financial statements.

Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for the balance of trade payables and other accruals due to insufficient information being submitted for audit purposes. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade payables and other accruals stated at R174,2 million (2017-18: R121,9 million) in the financial statements.

Expenditure

6. I was unable to obtain sufficient appropriate audit evidence for the balance of bulk purchases because the municipality did not have a control in place to assess whether the number of units that are being billed by Eskom are valid. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to bulk purchases stated at R89,2 million (2017-18: R81,2 million) in the financial statements.
7. The municipality did not classify expenditure within the different expense categories in general expenditure in accordance with GRAP 1 – *Presentation of financial statements*. Consequently general expenses disclosed in note 37 of the financial statements was misstated. It was impracticable to determine the value of the misclassification due to the magnitude of the errors identified. Consequently, I was unable to determine whether any adjustment was necessary to general expenses stated at R62,3 million (2017-18: R85,2 million) in the financial statements.
8. I was unable to obtain sufficient appropriate audit evidence that finance costs had been properly accounted for, as the information used by the expert to perform the calculation of the employee benefit obligation was incorrect. I was unable to confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to finance costs stated at R6,9 million (2017-18: R7,2 million) in the financial statements.

Irregular expenditure

9. The municipality did not adequately investigate the irregular expenditure written off in the notes of the financial statements, as required by section 32(2)(b) of the MFMA. This was because the municipality did not implement the recommendations of the municipal public account committee (MPAC) before writing it off. Consequently, irregular expenditure as disclosed in note 46 was understated by R79 million.

Employee benefit obligation

10. I was unable to obtain sufficient appropriate audit evidence regarding the balance of employee benefit obligation because the information used by the expert to perform the calculation was incorrect. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to employee benefit obligation stated at R60,3 million (2017-18: R46,2 million) in the financial statements.

Investment property

11. I was unable to obtain sufficient appropriate audit evidence regarding the balance of investment property because I could not rely on the valuation performed by the valuer as it could not be confirmed that the valuer was registered at the time of performing the valuations. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to investment property stated at R67,8 million (2017-18: R67,8 million) in the financial statements.

Unspent Conditional Grants

12. The municipality reported unspent conditional grants in terms of GRAP 23, however this was not supported by the bank balance at year-end. Consequently, unspent conditional grants was overstated by R22,1 million and payables from exchange transactions was understated by the same amount.

Unauthorised expenditure

13. The municipality incorrectly calculated unauthorised expenditure in the current year by not including the spending of R22,1 million which was money appropriated for drought relief, but used for other purposes. Consequently, unauthorised expenditure as stated in note 44 to the financial statements was understated by R22,1 million.

Receivables from exchange transactions

14. I was unable to obtain sufficient appropriate audit evidence regarding the balance of receivables from exchange transactions because I could not inspect the indigent debtors' application forms to determine whether they qualified to be categorised as indigent debtors. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R16,2 million in the financial statements.

Value added tax (VAT) receivable

15. I was unable to obtain sufficient appropriate audit evidence regarding the balance of VAT receivable because the municipality did not have a control in place to assess whether the number of units billed by Eskom were valid. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to VAT receivable stated at R13,6 million (2017-18: R1,2 million) in the financial statements.

Heritage assets

16. I was unable to obtain sufficient appropriate audit evidence regarding the balance of heritage assets as I could not rely on the valuation performed by the valuer due to a lack of evidence to confirm that he was registered at the time of performing the valuations. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to heritage assets stated at R13,5 million (2017-18: R13,5 million) in the financial statements.

Distribution losses – electricity

17. I was unable to obtain sufficient appropriate audit evidence regarding the balance of distribution losses – electricity because the municipality did not have a control in place to assess whether the number of units billed by Eskom were valid. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to distribution losses – electricity stated at R12,2 million (2017-18: R25,2 million) in note 51 to the financial statements.

Actuarial (loss)/gain and release from obligation

18. I was unable to obtain sufficient appropriate audit evidence regarding the balance of actuarial (loss)/gain and release from obligation had been properly accounted for, as the information used by the expert to perform the calculation of the employee benefit obligation was incorrect. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to actuarial (loss)/gain and release from obligation stated at R8,6 million (2017-18: (R3.5 million) in the financial statements.

Distribution losses – Water

19. I was unable to obtain sufficient appropriate audit evidence regarding the balance of distribution losses – water because the municipality had no control in place to assess whether the number of units billed by Eskom are valid, furthermore due to the qualification on employee costs I could not confirm the validity of the inputs for the calculations. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to distribution losses – water stated at R8,5 million in note 52 to the financial statements.

Cash flow statement

20. The municipality incorrectly classified and incorrectly calculated various line items in the cash flow statement. This resulted in the following line items being misstated as described:

- Cash receipts from customers understated by R49,2 million (2017-18: R25,8 million)
- Cash paid to suppliers and employees understated by R49,8 million (2017-18: R21,2 million)

Preparation of the financial statements

21. I was unable to obtain sufficient appropriate audit evidence that the accounting officer has fulfilled his responsibility for the preparation and fair presentation of the financial statements in accordance with the GRAP reporting framework, as written representations in this respect were not provided. I was also unable to obtain written representations from the accounting officer that I had been provided with all relevant information and access as agreed in terms of the audit engagement, and that all transactions had been recorded and were reflected in the financial statements. I could not determine the effect of the lack of such representations on the financial position of the municipality at 30 June 2019 or the financial performance and cash flows for the year then ended.

Context for the opinion

22. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

23. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

24. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimed opinion.

Emphasis of matter

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

Fruitless and wasteful expenditure

26. As disclosed in note 45 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R16,2 million (2018: R8,4 million) during the current year.

Debt impairment

27. As disclosed in note 32 to the financial statements, debt impairments of R31,9 million (2018: R8,7 million) were made to receivables from exchange and non-exchange transactions respectively.

Other matters

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

Unaudited disclosure notes

29. In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Unaudited supplementary information

30. The supplementary information set out on pages x to x does not form part of the annual financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Responsibilities of accounting officer for the financial statements

31. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

32. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

33. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
34. A further description of my 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

35. 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, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
36. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My 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, my findings do not extend to these matters.
37. I 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 development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priorities	Pages in the annual performance report
KPA 2: Basic Service Delivery and Infrastructure Development	x – x

38. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I 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.

39. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 2: Basic Service Delivery and Infrastructure Development

Various indicators

40. The municipality did not have an adequate record keeping system to enable reliable reporting on achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

No	Performance indicator	Reported achievement
1.	Replacement of Bulk electricity consumer meters in Aberdeen to reduce water electricity losses by 30th June 2019.	67 meters replaced in Aberdeen.
2.	Number of boreholes equipped/Refurbished in Willomore by 30 th June 2019	4 boreholes has been refurbished
3.	Number of households to be connected with water services by 30th June 2019.	72 households connected with water services. Certified by NHBRC
4.	Number of households to be connected with Sanitation services by 30 th June 2019	72 households connected with water services Certified by NHBRC

41. The municipality did not have proper review and validation processes in place to ensure that all the planned indicators per the SDBIP are transferred consistently to the annual performance report. As a result, the reported annual achievement for the “Number of households to be connected with sanitation services by 30th June 2019” is not consistent with the planned target per the revised SDBIP.

Other matters

42. I draw attention to the matters below.

Achievement of planned targets

43. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the disclaimer of opinion expressed on the usefulness and reliability of the reported performance information in paragraphs 40 to 41 of this report.

Adjustment of material misstatements

44. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2: Basic Service delivery and Infrastructure Development. As management subsequently corrected only

some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the basis for qualified opinion paragraphs.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements and annual report

47. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Supporting records that could not be provided resulted in the financial statements receiving a disclaimer of audit opinion.

48. The council failed to adopt an oversight report containing the council's comments on the annual report (within the prescribed timelines), as required by section 129(1) of the MFMA.

Expenditure management

49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

50. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph.

51. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R16,2 million, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

52. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph.

Revenue management

53. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.

Conditional grants

54. I was unable to obtain sufficient appropriate audit evidence that the Drought Relief Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Division of Revenue Act (Act 1 of 2018).

Liability management

55. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

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

57. I was unable to obtain sufficient appropriate audit evidence that losses resulting from unauthorised expenditure were recovered from the liable person, as required by section 32(2)(a) of the MFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into unauthorised expenditure.

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

59. I was unable to obtain sufficient appropriate audit evidence that losses resulting from irregular expenditure were recovered from the liable person, as required by section 32(2) of the MFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

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

61. I was unable to obtain sufficient appropriate audit evidence that losses resulting from fruitless and wasteful expenditure were recovered from the liable person, as required by section 32(2) of the MFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

Procurement and contract management

62. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the Preferential Procurement Regulations 8(2) of 2017.

63. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the preferential procurement regulation 8(5) of 2017.

64. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content as required by the 2017 preferential procurement regulation. Similar limitation was also reported in the prior year.

65. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).

66. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.

Other information

67. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, the audit committee's report, mayor's foreword and executive summary, municipal manager overview. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
68. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
69. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
70. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

71. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my 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 the disclaimer of opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
72. Leadership did not exercise oversight over financial, performance and compliance reporting, as the annual financial statements, annual report and compliance reporting were not adequately reviewed, which contributed to the material findings reported.
73. The municipality did not maintain a proper record management system for records, or for the timely retrieval thereof, as evidenced by limitations experienced during the audit.

74. The internal audit unit lacked the capacity required to effectively perform their duties.
Furthermore, management did not follow up the implementation of internal and external audit recommendations to address internal control deficiencies.

Auditor General
East London

30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Dr Beyers Naude Local municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease 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
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I 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 my independence and, where applicable, related safeguards.

ANNEXURE 4 –



Dr. Beyers Naudé

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AUDIT ACTION PLAN

ANNEXURE: AUDIT ACTION PLAN

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date
Employee related cost R159,348,242 (PY- R138,159,291) - para 3,4	During the audit of equalization, the AG identified differences on the total amount paid for equalization between the supporting schedules and the report to EXCO.	Lack of management oversight and detailed review of supporting documents for equalisation	1.	Obtain all payments made through the bank related to equalization and relevant listings. The financial system must reflect the payments actually made. The supporting schedule to the equalization to be reviewed in detail to ensure that the amounts are accurate and that all amounts disclosed in the annual financial statements are supported by credible and accurate underlying records.	BTO	31-Jan-20
	The AG identified that the employees listed in the table below were not compensated according to their contracts	Lack of proper review and detection controls in the HR and payroll departments to ensure that all contracts are properly drafted and that all employees are fairly compensated in terms of their of their employment contracts.	2.	Compile a list of all contract workers (EPWP/Fonteinbos etc). Confirm that the matters are isolated and not a recurring error by review all their existing contracts.	Corporate services	29-Feb-20
	The salary equalization for both 2017/18 and 2018/19 was not presented on the face of statement of financial performance, and notes to the financial statements did not include the salary equalization. This is a material transaction and a note or narrative to explain the salary equalization should also have been included.	Inadequate reviews of the financial statements to ensure that the financial statement is prepared in accordance with GRAP.	3.	Ensure that the effect of the equalization payments are disclosed in the annual financial statements where applicable	BTO	31-Aug-20
	The AG discovered that the municipality have not made any contribution on the bonus amount neither have they withheld any contribution on the amount paid to the employee	Misinterpretation of the policy by the payroll and HR team	4.	Obtain relevant authority for such deductions to be made on the 13th cheque.	Corporate services	31-Jan-20
	The AG noted differences in the prior years figures and the current year AFS corresponding figures without the relevant GRAP 3 prior period note adjustment	Lack of reviews to ensure that all the reclassifications and corrections to prior year figures are disclosed in the note relating to prior period errors and reclassification	5.	The corresponding figures should agree with the prior period figures unless there is a prior period note which supports any adjustments or reasons for reclassifying items in the AFS are disclosed clearly and properly in order for the users of financial statements to understand the reasons for the changes in the comparatives figures.	BTO	31-Aug-20
	The AG identified differences between the payroll system and the GL which could not be explained	Lack of review and detection controls to ensure that the underlying supporting records to the AFS are complete and accurate	6.	Reperform the 2018/19 payroll reconciliation and confirm that explanations are provided for all differences.	BTO	31-Jan-20

ANNEXURE: AUDIT ACTION PLAN

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date
Payables R174,136,370 - para 5	The valuation and accuracy of Eskom balance amount reported by the municipality could not be confirmed. The list of all the June statement submitted amounted to R18 296 045,73 while the Municipality records shows an amount of R70 121 461,96.	Eskom account not reconciled with our records. Eskom does not provide the municipality with statement, only invoices	7.	Obtain statement or balance confirmation from Eskom. If unable to, the Eskom account must be reconciled with the invoices, payments and adjustments made by Eskom since amalgamation.	BTO	31-Mar-20
	Differences were noted between the amounts disclosed in the financial statements and the amounts in the creditors listing.	Poor records management	8.	All amounts in the AFS should be supported with agreeing listings and reasons for differences should be noted	BTO	31-Aug-20
Expenditure - Bulk purchases R89,282,025 (PY- R81,207,643) - para 6	The AG noted that an electricity expense relating to June 2018 (2017/18 financial year) was recorded in the current financial period (2018/19 financial year)	Poor records management	9.	Apportion the accounts running over year end appropriately to ensure correct cut-off. All calculations for such adjustments should be maintained with supporting documentation in the audit file	BTO	31-Mar-20
	It has been noted that for Bulk purchases there is no meter reading report approved by the municipality supporting the consumption or usage of electricity reflected on the invoice from Eskom.	The municipality does not have meter readings installed to keep track of the consumption/ usage, they rely on Eskom invoices for the details on the consumption/usage.	10	Reconciliation of the invoices with the system reports to be performed by technical advisers. Representative of the municipality to take the meter reading with the Eskom representative and sign the meter reading report and have their own copy to use when they receive and invoice from Eskom. The electrician prior signing the requisitions should then agree consumption on the invoice to the consumption per the meter reading, and all that information should support the payment voucher.	Engineering and planning	31-Mar-20
Expenditure - General expenditure R62,333,993 (PY- R88,342,657) - para 7	During the audit of expenditure, it was noted that the below transactions were incorrectly classified in the sub-categories of expenditure	Lack of review of the financial statements by management	11	Scrutiny of the general expenses votes to ensure that the classification of transactions are correctly disclosed (mSCOA) in terms of GRAP 1	BTO	31-Mar-20
Expenditure - finance cost R6,987,979 (PY-R7,238,459) - para 8	Related to employee benefit obligation					

ANNEXURE: AUDIT ACTION PLAN

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date
Irregular expenditure R79,432,784 - para 9	The municipality did not adequately investigate the irregular expenditure written off in the notes of the financial statements, as required by section 32(2)(b) of the MFMA	Management did not implement the recommendations of the MPAC before writing it off	12	Ensure that every amount written off is supported with relevant documentation which demonstrates that - investigations took place (minutes) - council approved write off (resolution)	MM	29-Feb-20
Employee benefit obligation R60,303,039 + R2,992,708 (PY-R46,172,111 + R3,199,659) - para 10	AG could not trace employees who was eligible for Post-employment medical aid benefits to the list of eligible employees submitted to the actuaries. Duplicate employees were noted Employees on the list were not eligible for benefits	Reports pulled off the system was not adequately reviewed to ensure that all and only those eligible employees were included on the list	13	PY - Review the full list of eligible employees (2017/18 and 2018/19) to ensure that all (and only) eligible employees are considered for the calculations.	Corporate services	31-Jan-20
	AG could not trace employees who was eligible for Post-employment medical aid benefits to the list of eligible employees submitted to the actuaries. Duplicate employees were noted Employees on the list were not eligible for benefits	Reports pulled off the system was not adequately reviewed to ensure that all and only those eligible employees were included on the list	14	CY - Review the full list of eligible employees (2019/20) to ensure that all (and only) eligible employees are considered for the calculations.	Corporate services	30-Jun-20
	AG could not trace employees who was eligible for Post-employment medical aid benefits to the list of eligible employees submitted to the actuaries. Duplicate employees were noted Employees on the list were not eligible for benefits	Reports pulled off the system was not adequately reviewed to ensure that all and only those eligible employees were included on the list	15	Source the service provider by 31 May 2020	BTO	31-May-20
Investment property R67,783,409 - para 11	The accuracy of the Investment Property amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	16	Obtain confirmation of the registration of the valuer with South African Council for the Property Valuers Profession (SACPVP) for investment property and during the time of the valuations	BTO	29-Feb-20
	The accuracy of the Investment Property amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	17	Obtain the workings for the valuations and confirm that the methodology and calculations are in terms of the requirements of GRAP 16 and 103	BTO	29-Feb-20

ANNEXURE: AUDIT ACTION PLAN

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date
Unspent conditional grants R22,169,154 - para12	During the review of unspent grants and scrutiny of the banks statement disclosed in the AFS, we performed a reconcillation between cash and cash equivalents and the unspent grants and the unknown difference of R22m was identified	Money management controls within the municipality are not adequately implemented	18.	Monitor the spending in the current year of the projects listed as "unspent" in 2018/19 financial year. Implement separate bank accounts for grants funding	BTO	29-May-20
Unauthorised expenditure R22,169,154 - para 13	Related to the unspent grants of R22,169,154 above					
Receivables from exchange transactions R16,296,017 - para 14	During the audit of the receivables - indigent debtors, the requested application forms and supporting documents were not provided for the indigent debtors. The AG could not confirm compliance with the policy and the criteria specified in the policy was adhered to classify the debtor as indigent.	Lack of proper document management and filing to ensure that information is readily available when requested by the auditors.	19.	Review the indigent debtors list to ensure that the relevant documentation is maintained on file. Also ensure that the consumer coding etc is correct for each debtor	BTO	31-May-20
	During the audit of the receivables, differences were noted between the amounts disclosed in the financial statements and the amounts in the debtors listing	The debtors with creditors balances were eliminated and reclassified to creditors.	20.	The impact of the negative balances should be reflected on the listings in order to agree with the AFS	BTO	29-Feb-20
	During the audit of the receivables it was noted that the debtors below are not on the municipality's debtors' listing.	Lack of proper review of financial statements by management	21.	Perform reconciliation of all erven per the valuation to the debtors listing to ensure that all debtors are accounted for	BTO	29-Feb-20
VAT receivable R13,684,799 - para 15	Related to bulk purchases					
Heritage assets R13,452,791 - para 16	The accuracy of the heritage assets amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert. The accounting policy is not consistent with GRAP 103 as the measurement basis is not disclosed.	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	22.	Obtain confirmation of the registration of the valuer with South African Council for the Property Valuers Profession (SACPVP) for heritage assets during the time of the valuations	BTO	29-Feb-20
	The accuracy of the heritage assets amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert. The accounting policy is not consistent with GRAP 103 as the measurement basis is not disclosed.	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	23.	Obtain the workings for the valuations and confirm that the methodology, calculations and policies are in terms of the requirements of GRAP 103	BTO	29-Feb-20

ANNEXURE: AUDIT ACTION PLAN

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date
Distribution losses - electricity/water R12,214,638 R8,574,989 - para 17/19	Related to bulk purchases and employee related cost					
Actuarial loss/gain and release from obligation R8,667,947 (PY-R3,556,944) - para 18	Related to employee benefit obligation					
Cash flow statement - para 20	Differences were identified during the audit of statement of cash flows for both 2018/19 and 2017/18	Lack of review and management oversight in preparation of financial statements.	24.	Ensure that the cash flow statement figures agrees with the amounts in the AFS	BTO	31-Aug-20